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SAN FRANCISCO HOUSING AUTHORITY

440 Turk Street • San Francisco CA • 94102 • (415) 554-1200

NOTICE

THE REGULARLY SCHEDULED MEETING OF THE SAN FRANCISCO HOUSING AUTHORITY COMMISSION WILL BE HELD ON FRIDAY, SEPTEMBER 10, 2004 AT 4:00 P.M. AT 440 TURK STREET, SAN FRANCISCO, CALIFORNIA, 94102

AGENDA

September 10, 2004

1. ROLL CALL

   Julie Lee, President
   George R. Brown, Vice President
   Sululagi Palega, Sr., Commissioner
   Betty J. Smith, Commissioner
   Neola Gans, Commissioner
   Rev. George Woodruff, Commissioner

DOCUMENTS DEPT.
JUN - 8 2005
SAN FRANCISCO
PUBLIC LIBRARY

2. APPROVAL OF AGENDA

3. APPROVAL OF MINUTES

   - August 26, 2004 Commission Meeting

4. GENERAL COMMUNICATIONS

5. REPORT OF SECRETARY

6. COMMITTEE REPORTS

   Diversity Committee – Nothing to Report
   Finance Committee – Nothing to Report
   Personnel Committee – Nothing to Report

7. REPORT OF AGENCY COUNSEL

8. TENANT REPRESENTATIVE REPORT:
   City Wide Council - Senior/Disabled
   Public Housing Tenants Association (PHTA)

9. PUBLIC COMMENTS ON AGENDA ITEMS: LIMITED TO 2 MINUTES

   NOTE: *The public will have the opportunity to comment on agenda items prior to any action taken by the Commission pursuant to the San Francisco Housing Authority Rules Governing Public Testimony adopted 2/23/95 as Resolution No. 4423. Prior to adjournment, after Item No. 11, the public will have the opportunity to comment on items not on the agenda.*

10. UNFINISHED BUSINESS - NONE

11. NEW BUSINESS

    (A) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH FIX PAINTING CO. FOR MISCELLANEOUS BUILDING EXTERIOR REPAIRS AT CAL 1-34, 4101 NORIEGA STREET AND CAL 1-35, 2206 – 2268 GREAT HIGHWAY, IN AN AMOUNT NOT TO EXCEED $271,000.00

    (B) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH GEORGE E. MASKER, INC. FOR LEAD PAINT STABILIZATION WORK AT CAL 1-10, POTRERO ANNEX AND CAL 1-17A & B, HUNTERS POINT WEST & EAST, IN AN AMOUNT NOT TO EXCEED $368,725.00

    (C) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE A PURCHASE ORDER TO PAY THE HOUSING AUTHORITY RISK RETENTION GROUP FOR GENERAL LIABILITY DEDUCTIBLES FOR THE 2004-2005 POLICY YEAR IN AN AMOUNT NOT TO EXCEED $250,000.00

12. PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA

13. COMMISSIONER'S COMMENT AND REPORT

14. ADJOURNMENT

GREGG FORTNER, Secretary/Executive Director

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SAN FRANCISCO HOUSING AUTHORITY
440 Turk Street • San Francisco CA • 94112 • (415) 554-1200

NOTICE

ANNUAL MEETING

THE ANNUAL MEETING OF THE SAN FRANCISCO HOUSING AUTHORITY COMMISSION WILL BE HELD ON FRIDAY, SEPTEMBER 10, 2004 AT 4:00 P.M. AT 440 TURK STREET, SAN FRANCISCO, CALIFORNIA, 94102

AGENDA
September 10, 2004

1. ROLL CALL

   Julie Lee, President
   George R. Brown, Vice President
   Sululagi Palega, Sr., Commissioner
   Betty J. Smith, Commissioner
   Neola Gans, Commissioner
   Rev. George Woodruff, Commissioner

2. APPROVAL OF AGENDA

3. ELECTION OF OFFICERS

   - PRESIDENT
   - VICE PRESIDENT

4. ADJOURNMENT

The regularly scheduled meeting of the Commission will follow the adjournment of the Annual Meeting

GREGG FORTNER, SECRETARY/ EXECUTIVE DIRECTOR

A

SAN FRANCISCO HOUSING AUTHORITY
440 Turk Street • San Francisco CA • 94112 • (415) 554-1200

DATE: September 10, 2004

TO: SAN FRANCISCO HOUSING AUTHORITY COMMISSIONERS

Julie Lee, President
George R. Brown, Vice President
Sululagi Palega, Sr., Commissioner
Betty J. Smith, Commissioner
Neola Gans, Commissioner
Rev. George Woodruff, Commissioner

FROM: Gregg Fortner, Secretary/Executive Director

SUBJECT: **RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH FIX PAINTING CO. FOR MISCELLANEOUS BUILDING EXTERIOR REPAIRS AT CAL 1-34, 4101 NORIEGA STREET AND CAL 1-35, 2206 – 2268 GREAT HIGHWAY, IN AN AMOUNT NOT TO EXCEED $271,000.00**

OVERVIEW

This resolution authorizes the Executive Director to enter into a contract with FIX Painting Co. for miscellaneous building exterior work at 4101 Noriega Street and 2206 – 2268 Great Highway family developments. The four-story 4101 Noriega Street building was constructed in 1971 with 8 family dwelling units. The 2-story 2206 – 2268 Great Highway buildings were constructed in 1971 with 16 family dwelling units.

4101 Noriega Street and 2206 – 2268 Great Highway are both located one block away from the ocean and therefore are in need of miscellaneous exterior repairs due to the adverse weather conditions and salty air that pervade the location. The deteriorated building exteriors have rust stains and need to be waterproofed and repainted. Many building elements have reached the end of their lifecycle and need to be repaired or replaced.

PROCUREMENT

The Authority issued Solicitation No. 04-620-IFB-014 on June 28, 2004, following review and approval of the solicitation by the Finance and Procurement & Contracts (Procurement) Departments. The procurement process for the action covered by this Resolution meets the procurement standards of 24 CFR 85.36 “Procurement”, HUD Handbook 7460.8 REV 1, “Procurement Handbook for Public Housing Agencies and Indian Housing Authorities”, the San

Francisco Housing Authority Procurement Policy Manual, and the State of California, and local laws.

The Housing Development & Modernization Department (HD&Mod) developed the Invitation for Bid Documents, Plans & Specifications based on master procurement documents furnished by Procurement and Construction Documents (Drawings and technical specifications) furnished by the Authority's Architectural Services Consultant, The KPA Group. The documents were reviewed and approved by Procurement prior to the start of the bid process.

The Authority advertised for bidders and outreached to potential bidders as follows:

Past Bidders List, Contractors Blue Book & Yellow Pages: The Authority e-mailed, faxed or mailed its Invitation for Bid advertisement to fifty (50) individual contractors from the Authority's Past Bidders List, the Contractors Blue Book and Telephone Directory Yellow Pages.

HRC: The Authority e-mailed, faxed or mailed its Invitation for Bid advertisement to eighty-two (82) MBE/WBE contractors listed by the San Francisco Human Rights Commission.

Labor Unions: The Authority mailed its Invitation for Bid Documents, Plans & Specifications to the San Francisco Buildings Trade Council.

Newspapers: The Authority publicly advertised its Invitation for Bid advertisement in the following newspapers:
Daily Pacific Builder, (trade publication)
San Francisco Bay View, (African American community)
World Journal, (Asian American Community)

Additional Newspapers: The Authority e-mailed its Invitation for Bid advertisement to the San Francisco Board of Supervisors office who placed the advertisement in the following community newspapers:

El Latino	(Hispanic American community),
El Reportero	(Hispanic American community),
Asian Week	(Chinese American community),
Chinese Times	(Chinese American community),
San Francisco Bay Times	(Lesbian/Gay/Bi-sexual/Transgender community),
San Francisco Spectrum	(Lesbian/Gay/Bi-sexual/Transgender community).

Public Agency Websites: The Authority e-mailed its Invitation for Bid advertisement to the following agencies who placed the advertisement in their website bulletin boards:
- City and County of San Francisco (City Purchasing Department),
- California State Contracts Register (Office of Small Business Certification and Resources),
- Small Business Administration's PRO-Net (Office of Government Contracting & Minority Enterprise Development).
- U.S. Department of Commerce's BIDNET (Minority Business Development Agency)

Builders Exchanges: The Authority sent its Invitation for Bid Documents, Plans & Specifications to the following Builders Exchanges, where the documents are available to Contractors for review and bid preparation:

- San Francisco Builders Exchange,
- Peninsula Builders Exchange,
- Builders Exchange of Alameda County,
- Santa Clara Builders Exchange,
- Contra Costa Builders Exchange,
- BV2HP Builders Exchange,
- MECA Builders Exchange (member base composed of small DBE, M/WBE firms),
- Marin Builders Exchange,
- Construction Data Plan Room,
- San Francisco Building and Construction Trade Council,
- Local Union 22, United Brotherhood of Carpenters & Jointers of America
- Local Union 38, Plumbers Union,
- Local Union 6, International Brotherhood of Electrical Workers,
- Local Union 300, Plasterer's and Cement Masons' Union.

Nine (9) potential bidders requested the Invitation for Bid Documents, Plans & Specifications that were issued by HD&Mod. The on-site bid walk was conducted by HD&Mod on July 15, 2004. In attendance were nine (9) contractors along with the Consultant, and Authority staff members from HD&Mod Department.

BIDDER SELECTION PROCESS

On the closing date for the solicitation, July 27, 2004, the Authority received bids from three (3) responsive and responsible contractors. The bid documents were publicly opened and read aloud. The submittal documents were reviewed by HD&Mod and forwarded to Procurement for review and approval to prepare this Resolution. The Contractors' bids are as follows:

BID PROPOSALS:

Bidder	Bid Proposal	25% Resident Hiring	Contractor MBE/ WBE	Sub Contractors	MBE/WBE Sub Contractor % Of Total Job	Total MBE/ WBE
FIX Painting Co.	$271,000	Yes	No	None	0%	0%
Bay Construction	$317,090	Yes	Yes	Two	5.3%	100%
AM One Corp.	$329,900	Yes	Yes	Three	51%	100%

Per HUD-5369 Instructions to Bidders, the contract award is based on the lowest, responsive, and responsible bidder. Based on the above, the lowest, responsive, and responsible bidder is FIX Painting Co.

According to the reference check on past projects performed by FIX Painting Co., the firm is a responsible contractor with a good record. It has performed similar contracts for other public agencies and have a good history of minimizing contractor initiated change orders. A debarment check was made and shows that FIX Painting Co. is not debarred from Federal Procurement and Non-Procurement work.

OBJECTIVES

The objective of the resolution is to authorize the Executive Director to enter into a contract for the miscellaneous building exterior repair work.

Work under this contract will generally include, but not be limited to, the following:

a. Repair, patch, and fill exterior stucco walls as needed and paint entire buildings.

b. Replace all rusted hollow metal doors.

c. Wire brush rust buildup and repaint front gate, fire escapes, stair railings, and metal pipe columns at carport.

d. Replace damaged gutters.

e. Replace all rusted cast iron downspout sleeves.

f. Replace damaged concrete stair treads in kind.

g. Repair cracked and damaged brick walls.

h. Pour concrete pad for new freestanding mailbox unit., and

i. Replace existing intercom entry system.

PRESENT SITUATION

4101 Noriega Street and 2206 – 2268 Great Highway are San Francisco Housing Authority family developments with 8 and 16 units respectively, built in 1971. Both housing developments are located one block away from the ocean and, therefore, are in need of miscellaneous exterior repairs due to the adverse weather conditions and salty air that pervade the location. Major improvements have not been done at these two housing developments for the last ten years, and it is has been thirteen years since these housing developments were last painted. The deteriorated building exteriors have rust stains and need to be waterproofed and repainted. Many building elements have reached the end of their lifecycle and need to be repaired or replaced. The existing intercom entry system and door closer at 4101 Noriega Street currently do not work, which allows anyone to enter the building, thereby compromising the safety and security of the residents.

ANTICIPATED OUTCOMES

Repainting the rusted exterior walls and repairing deteriorated items in both housing developments will greatly improve the overall condition of the buildings. Replacement of the intercom entry system and door closer will ensure the safety and security of the residents. FIX Painting Co. will provide a two-year guarantee for materials and workmanship in compliance with Authority standards.

WHO BENEFITS

Public housing residents will benefit from improved and safer living conditions. The capital improvements will benefit the Authority's real property assets and add to the longevity of the structures. The project will also provide employment for public housing residents under the resident hiring requirements. By hiring residents, FIX Painting Co. is helping to create a pool of qualified residents for future work on similar Authority construction projects.

BUDGET CONSIDERATION

The Miscellaneous Building Exterior Repairs activity is funded in the Year 2003 Capital Fund Program budget.

RESIDENT HIRING

FIX Painting Co. is committed to exceeding the 25 percent resident hiring goal on this job. The contractor estimates that it will take about 2000 hours to complete the project, of which a minimum 500 hours will be resident hire employment. It is pursuing two positions for resident hiring. One interested resident who resides at 4101 Noriega has over 15 years of experience as a painter, and he has already been identified as a candidate for a resident hire position.

MBE/WBE PARTICIPATION

FIX Painting Co. is not a MBE/WBE-certified firm. In order to meet the Housing Authority's 20% MBE/WBE participation goal, FIX Painting Co. made a good faith effort and outreached to five MBE/WBE certified firms to be subcontractors. Letters requesting participation from the firms were faxed to each MBE/WBE firm; however, none of the MBE/WBE firms contacted were interested in bidding as a subcontractor for FIX Painting Co.

RECOMMENDATION

FIX Painting Co. has submitted the lowest, responsive, and responsible bid. It is committed to exceeding the 25% resident hiring requirement. Funding is available in the 2003 Capital Fund Program. Staff urges adoption of this Resolution authorizing the Executive Director to enter into a contract with FIX Painting Co. for the Miscellaneous Building Exterior Repair Work at 4101 Noriega Street and 2206 – 2268 Great Highway, in an amount not to exceed $271,000.00.

(Prepared by: Jasmine Kuo, Robert Dahlstrom and Barbara Smith)

RESOLUTION NO. 5180
ADOPTED 9/10/04

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH FIX PAINTING CO. FOR MISCELLANEOUS BUILDING EXTERIOR REPAIRS AT CAL 1-34, 4101 NORIEGA STREET AND CAL 1-35, 2206 – 2268 GREAT HIGHWAY, IN AN AMOUNT NOT TO EXCEED $271,000

WHEREAS, The San Francisco Housing Authority publicly advertised Solicitation No. 04-620-IFB-014 for Miscellaneous Building Exterior Repairs at CAL 1-34, 4101 Noriega Street and CAL 1-35, 2206 – 2268 Great Highway, and

WHEREAS, FIX Painting Co. submitted the lowest responsive and responsible bid of $271,000 to provide for the Miscellaneous Building Exterior Repairs work at CAL 1-34, 4101 Noriega Street and CAL 1-35, 2206 – 2268 Great Highway; and

WHEREAS, these services are necessary to protect the health and welfare of residents; and

WHEREAS, funding is available through the HUD 2003 Capital Fund Program; and

WHEREAS, the procurement process for the actions covered by this resolution meet the procurement standards of 24 CFR 85.36 “Procurement”, HUD Handbook 7460.8 REV 1, “Procurement Handbook for Public Housing Agencies and Indian Housing Authorities”, the San Francisco Housing Authority Procurement Policy Manual and State of California and local laws; and

WHEREAS, all additional relevant documents submitted by the low bidder have been reviewed and found to be in order; and

WHEREAS, FIX Painting Co. will meet the Resident Hiring requirements.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSION OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO THAT:

1. The Executive Director is authorized to execute a contract with FIX Painting Co. for the Miscellaneous Building Exterior Repairs work at CAL 1-34, 4101 Noriega Street and CAL 1-35, 2206 – 2268 Great Highway, in an amount Not-To-Exceed $271,000.
2. This resolution shall take effect immediately.

APPROVED AS TO FORM AND LEGALITY: **REVIEWED BY:**

Donna Mart
DONNA MARTIN, General Counsel

Date: 9·2·04

GREGG FORTNER, Executive Director

Date: 9/3/2004

B

SAN FRANCISCO HOUSING AUTHORITY
440 Turk Street • San Francisco CA • 94112 • (415) 554-1200

DATE: September 10, 2004

TO: SAN FRANCISCO HOUSING AUTHORITY COMMISSIONERS

Julie Lee, President
George R. Brown, Vice President
Sululagi Palega, Sr., Commissioner
Betty J. Smith, Commissioner
Neola Gans, Commissioner
Rev. George Woodruff, Commissioner

FROM: Gregg Fortner, Secretary/Executive Director

SUBJECT: **RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH GEORGE E. MASKER, INC. FOR LEAD PAINT STABILIZATION WORK AT CAL 1-10, POTRERO ANNEX AND CAL 1-17A & B, HUNTERS POINT WEST & EAST, IN AN AMOUNT NOT TO EXCEED $368,725**

OVERVIEW

This resolution authorizes the Executive Director to enter into a contract with George E. Masker, Inc. for lead paint stabilization of approximately 5,100 windows and doors at Potrero Annex and Hunters Point.

Potrero Annex and Hunters Point doors and windows have peeling lead-based paint. In accordance with HUD regulations, a lead-based paint stabilization effort is required to ensure the safety of children and to ensure that they do not develop elevated lead blood levels, a health hazard.

PROCUREMENT

The Authority issued Solicitation No. 04-620-IFB-013 on June 14, 2004, following review and approval of the solicitation by the Finance and Procurement & Contracts (Procurement) Departments. The procurement process for the action covered by this Resolution meets the procurement standards of 24 CFR 85.36 "Procurement", HUD Handbook 7460.8 REV 1, "Procurement Handbook for Public Housing Agencies and Indian Housing Authorities", the San Francisco Housing Authority Procurement Policy Manual, and the State of California, and local laws.

The Housing Development & Modernization Department (HD&Mod) developed the Invitation for Bid Documents based on master procurement documents furnished by the Procurement Department, and Construction Documents (Drawings and Technical Specifications) furnished by the Authority's Environmental Services Consultant, SCA. The documents were reviewed and approved by Procurement prior to the start of the bid process.

The Authority advertised for bidders and outreached to potential bidders as follows:

Past Bidders List, Contractors Blue Book & Yellow Pages: The Authority e-mailed, faxed or mailed its Invitation for Bid advertisement to sixty-five (65) individual contractors from the Authority's Past Bidders List, the Contractor's Blue Book and Telephone Directory Yellow Pages.

HRC: The Authority e-mailed, faxed or mailed its Invitation for Bid advertisement to fourteen (14) MBE/WBE contractors listed by the San Francisco Human Rights Commission.

Labor Unions: The Authority mailed its Invitation for Bid Documents, Plans & Specifications to the San Francisco Buildings Trade Council, and Painters Council 16. Following the bid walk, staff contacted the Painters Council 16 Business Agent several times to enlist his support in encourage more bidders.

Newspapers: The Authority publicly advertised its Invitation for Bid advertisement in the following newspapers:
Daily Pacific Builder, (trade publication)
San Francisco Bay View, (African American community)
World Journal, (Asian American Community)

Additional Newspapers: The Authority e-mailed its Invitation for Bid advertisement to the San Francisco Board of Supervisors office who placed the advertisement in the following community newspapers:

- El Latino (Hispanic American community),
- El Reportero (Hispanic American community),
- Asian Week (Chinese American community),
- Chinese Times (Chinese American community),
- San Francisco Bay Times (Lesbian/Gay/Bi-sexual/Transgender community),
- San Francisco Spectrum (Lesbian/Gay/Bi-sexual/Transgender community).

Public Agency Websites: The Authority e-mailed its Invitation for Bid advertisement to the following agencies who placed the advertisement in their website bulletin boards:

- City and County of San Francisco (City Purchasing Department),
- California State Contracts Register (Office of Small Business Certification and Resources),
- Small Business Administration's PRO-Net (Office of Government Contracting & Minority Enterprise Development),
- U.S. Department of Commerce's BIDNET (Minority Business Development Agency).

Builders Exchanges: The Authority mailed its Invitation for Bid Documents, Plans & Specifications to the following Builders Exchanges, where the documents are available to Contractors for review and bid preparation:

- San Francisco Builders Exchange,

- Peninsula Builders Exchange,
- Builders Exchange of Alameda County,
- Santa Clara Builders Exchange,
- Contra Costa Builders Exchange,
- BV2HP Builders Exchange,
- MECA Builders Exchange (member base composed of small DBE, M/WBE firms),
- Marin Builders Exchange,
- Construction Data Plan Room,
- San Francisco Building and Construction Trade Council,
- Local District 16, Painters Union.

Eleven (11) potential bidders requested the Invitation for Bid Documents, Plans and Specifications that were issued by HD&Mod. The on-site bid walk was conducted by HD&Mod on June 23, 2004. In attendance were twelve (12) contractors along with the Consultant, and Authority staff members from the HD&Mod Department. Following the bid walk, staff contacted the Painters Union District 16 Business Agent to enlist his support in encouraging more bidders.

BIDDER SELECTION PROCESS

On the closing date for the solicitation, July 8, 2004, the Authority received bids from four (4) contractors. The bid documents were publicly opened and read aloud. It was determined that there were three (3) responsive and responsible bidders. Polvos Theodoroupoulos Painting Company bid documents were incomplete at bid opening and unit pricing was materially unbalanced. The submittal documents were reviewed by HD&Mod and forwarded to Procurement for review and approval to prepare this Resolution. The Procurement Department notified Polvos Theodoroupoulos Painting Company that their bid was non-responsive. The Contractors' bids are as follows:

BID PROPOSALS:

Bidder	Bid Proposal	25% Resident Hiring	Contractor MBE/ WBE	Sub Contractors	MBE/WBE Sub Contractor % Of Total Job	Total MBE/ WBE
George E. Masker Inc.	$368,725	Yes	No	One	20%	20%
Services Alliance Systems	$406,981	Yes	No	One	20%	20%
C & J Painting	$565,000	Yes	No	Two	20%	20%

NON-RESPONSIVE – For Information Purposes Only						
Pavlos Theodoroupoulos Painting Co.	$248,000	Yes	No	Two	0%	0%

Per HUD-5369 Instructions to Bidders, the contract award is based on the lowest, responsive, and responsible bidder. Based on the above, the lowest, responsive, and responsible bidder is George E. Masker, Inc. The George E. Masker, Inc. bid is one (1) percent higher than the independent cost estimate of $367,219. Upon request, George E. Masker, Inc. reviewed their bid and informed Procurement that they stood by their bid.

According to the reference check on past projects performed by George E. Masker, Inc., the firm is a responsible contractor with a good record. They have performed similar contracts for other public agencies and have a good history of minimizing contractor initiated change orders. A debarment check was made and shows that George E. Masker, Inc. is not debarred from Federal Procurement and Non-Procurement work.

OBJECTIVES

The objective of the resolution is to authorize the Executive Director to enter into a contract for the Lead Paint Stabilization of all windows and doors.

Work under this contract will generally include, but not be limited to, the following:

a. Site survey and verification of existing conditions.

b. Demolition and removal of loose and peeling paint in accordance with "SFHA Hazardous Materials Procedure".

c. Encapsulating existing lead painted sills, frames, window and door components with lead-free paint.

PRESENT SITUATION

Potrero Annex and Hunters Point buildings were built in 1955 and are comprised of 292 lead-based paint coated buildings. The paint on windows and doorframes has deteriorated, and paint is chipping off. HUD regulations and Federal law mandates corrective action be undertaken within 90 days of an assessment that identifies lead based paint in poor condition.

Lead based paint was an allowable building material at the times these buildings were built. Lead based paint was outlawed by 1973 because of adverse health problems associated with lead poisoning.

ANTICIPATED OUTCOMES

This lead stabilization and painting contract will reduce the threat of lead contamination and will also beautify the neighborhood. George E. Masker, Inc. will provide a two-year guarantee for materials and workmanship, in accordance with Authority's standards.

WHO BENEFITS

Potrero Annex and Hunters Point residents will benefit by this stabilization and painting work by providing a safer lead paint stabilized environment, a high level of aesthetic improvement, and fostering an appreciation of their community. The capital improvements will also benefit the Authority's real property assets by preventing moisture intrusion and dry rot adding to the longevity of the structures. The project will also provide employment for public housing residents under the resident hiring contract requirements. By hiring residents, we are helping to create a pool of qualified residents for future work, proving role models in the community, and giving residents an opportunity to join the Union.

BUDGET CONSIDERATION

The lead based paint project is funded in the Year 2002, 2003 and 2003 Bonus Capital Fund Program budgets. The low bid is one (1) percent more than the independent cost estimate.

RESIDENT HIRING

George E. Masker, Inc. is committed to exceeding the 25 percent resident hiring goal on this job. The contractor estimates that it will take about 3,000 hours to complete the project, of which a minimum 600 hours will be resident hire employment. They are pursuing three positions for resident hiring.

MBE/WBE PARTICIPATION

George E. Masker, Inc. has achieved 20 percent MBE/WBE participation with its listed subcontractor.

RECOMMENDATION

George E. Masker, Inc. has submitted the lowest, responsive, and responsible bid. They are committed to exceed the 25 percent resident hiring requirement. Funding is available in the 2002, 2003 and 2003 Bonus Capital Fund Programs. Because windows and doors are in need of lead stabilization, staff urges adoption of this Resolution authorizing the Executive Director to enter into a contract with George E. Masker, Inc. for lead based paint stabilization work at CAL 1-10, Potrero Annex and CAL 1-17A & B, Hunters Point West & East, in an amount not to exceed $368,725.

(Prepared by: James Mark, Robert Dahlstrom and Barbara Smith)

RESOLUTION NO. 5181
ADOPTED 9/10/04

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH GEORGE E. MASKER, INC. FOR LEAD PAINT STABILIZATION WORK AT CAL 1-1O, POTRERO ANNEX AND CAL 1-17A & B, HUNTERS POINT WEST & EAST, IN AN AMOUNT NOT TO EXCEED $368,725

WHEREAS, The San Francisco Housing Authority publicly advertised Solicitation No. 04-620-IFB-013 for Lead Paint Stabilization Work at CAL 1-10, Potrero Annex and CAL 1-17A & B, Hunters Point West & East; and

WHEREAS, George E. Masker, Inc. submitted the lowest responsive and responsible bid of $368,725 to provide Lead Paint Stabilization Work at CAL 1-10, Potrero Annex and CAL 1-17A & B, Hunters Point West & East; and

WHEREAS, these services are necessary to protect the health and welfare of residents; and

WHEREAS, funding is available through the HUD 2002, 2003 and 2003 Bonus Capital Fund Programs; and

WHEREAS, the procurement process for the actions covered by this resolution meet the procurement standards of 24 CFR 85.36 “Procurement”, HUD Handbook 7460.8 REV 1, “Procurement Handbook for Public Housing Agencies and Indian Housing Authorities”, the San Francisco Housing Authority Procurement Policy Manual, and State of California and local laws; and

WHEREAS, all additional relevant documents submitted by the low bidder have been reviewed and found to be in order; and

WHEREAS, George E. Masker, Inc. will meet the Resident Hiring requirements.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSION OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO THAT:

1. The Executive Director is authorized to enter into a contract with George E. Masker, Inc. for Lead Paint Stabilization Work at CAL 1-10, Potrero Annex and CAL 1-17A & B, Hunters Point West & East, in an amount Not-To-Exceed $368,725.
2. This resolution shall take effect immediately.

APPROVED AS TO FORM AND LEGALITY: **REVIEWED BY:**

Donna Martin
DONNA MARTIN, General Counsel

Date: 9·2·04

GREGG FORTNER, Executive Director

Date: 9/3/2004

C

SAN FRANCISCO HOUSING AUTHORITY
440 Turk Street • San Francisco, California • 94102
(415) 554-1287 • Facsimile (415) 554-1204

TO: SAN FRANCISCO HOUSING AUTHORITY COMMISSIONERS

Julie Lee, President
George R. Brown, Vice-President
Sululagi Palega, Sr., Commissioner
Betty Smith, Commissioner
Neola Gans, Commissioner
Rev. George Woodruff, Commissioner

FROM: Gregg Fortner, SECRETARY/EXECUTIVE DIRECTOR

DATE: September 9, 2004

SUBJECT: **RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE A PURCHASE ORDER TO PAY THE HOUSING AUTHORITY RISK RETENTION GROUP FOR GENERAL LIABILITY DEDUCTIBLES FOR THE 2004-2005 POLICY YEAR IN AN AMOUNT NOT TO EXCEED $250,000.00.**

OVERVIEW:

The Authority, by Resolution No. 5178, dated August 26, 2004 (Attached hereto as Exhibit "A"), accepted general liability insurance coverage through HARRG. Under the terms and conditions of the policy, each claim submitted for handling has a deductible of at least $25,000.00, which the Authority is obligated to pay. Accordingly, this resolution is being presented to the Commission to authorize the Executive Director to pay the General Liability deductibles for the 2004-2005 policy period in an amount not to exceed $250,000.

PRESENT SITUATION:

Currently, the Authority has $250,000.00 budgeted for this expense. The funds will be paid out of the 2004-2005 Low-Income Operating budget as well as the Section 8 Budget. Last policy year, the Authority paid out approximately $231,083.00 and the year prior the Authority paid $250,887.62.

WHO BENEFITS:

The Authority benefits because deductible payments are issued on a monthly billing basis and this resolution will reduce administrative costs.

RECOMMENDATION:

It is recommended that this resolution be approved giving authorization to the Executive Director to execute a purchase order made payable to the Housing Authority Risk Retention Group in an amount not to exceed $250,000.00.

C-1

RESOLUTION NO.: 5178
DATE ADOPTED: 8/26/04

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO RENEW THE GENERAL LIABILITY INSURANCE WITH HOUSING AUTHORITY RISK RETENTION GROUP IN AN AMOUNT NOT TO EXCEED $1,225,949

WHEREAS, Section 305, Part Two of the Annual Contributions Contract dated August 27, 1964, as amended, between the Housing Authority of the City and County of San Francisco ("the Authority") and the U.S. Department of Housing and Urban Development ("HUD") requires the Authority to insure its interest against risks associated with its particular type of operations; and

WHEREAS, Congress enacted a law entitled Risk Retention Amendments of 1986 ("the Act"), codified at 15 U.S.C., sections 3901-3906, authorizing the formation of risk retention groups by governmental entities such as Public Housing Authorities ("PHAs") to cover liabilities associated with such risks; and

WHEREAS, the HUD Appropriations Act recognized "the Act" by permitting PHAs to secure insurance for non-profit insurance entitles that are controlled and owned by PHAs without regard to competitive solicitation procedures;

WHEREAS, the Housing Authority Risk Retention Group ("HARRG") is a nationwide insurance provider meeting the requirements of the HUD Appropriations Act; and

WHEREAS, HUD Directive Number 965.205 allows public housing authorities to acquire insurance from non-profit insurance groups without fulfilling the competitive bidding requirements of the HUD Handbook 7460.8; and

WHEREAS, the Authority, by Resolution No. 3006, dated May 28, 1987, accepted membership into HARRG for the provision of general liability; and

WHEREAS, the Authority's policy is due to expire on October 1, 2004; and

WHEREAS, in an effort to reduce the Authority's premium and obtain additional quotes for the 2004-2005 policy period, the Authority initiated a solicitation process using twenty major brokerage firms; and

WHEREAS, the private market remains unresponsive to providing quotes to the Authority; and

WHEREAS, payment for this coverage is $1,225,949; and

WHEREAS, funding for the 2004-2005 coverage is available as part of the Authority's 2004-2005 Low Income Operating Budget and its Section 8 budget;

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSION OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO THAT:

1. The Executive Director is hereby authorized to renew coverage with the Housing Authority Risk Retention Group for general liability insurance, in an amount not to exceed $1,255,949.

2. This resolution shall take effect immediately.

APPROVED AS TO FORM AND LEGALITY:	REVIEWED BY:
Donna Martin	
DONNA MARTIN General Counsel	GREGG FORTNER Executive Director
9-20-04 DATE	8/20/2004 DATE

RESOLUTION NO.: 5182
DATE ADOPTED: 9/10/04

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE A PURCHASE ORDER TO PAY THE HOUSING AUTHORITY RISK RETENTION GROUP FOR GENERAL LIABILITY DEDUCTIBLES FOR THE 2004-2005 POLICY YEAR IN AN AMOUNT NOT TO EXCEED $250,000.00

WHEREAS, the Housing Authority of the City and County of San Francisco ("the Authority") by Resolution No. 3006, dated May 28, 1987, accepted membership into the Housing Authority Risk Retention Group ("HARRG") for the provisions of general liability insurance; and

WHEREAS, Resolution 5178, dated August 26, 2004, approved renewal of its general liability coverage with HARRG for the 2004-2005 policy period; and

WHEREAS, the Authority's policy with HARRG requires the agency to pay a deductible not to exceed $25,000.00 for each general liability claim that it submits for handling by HARRG during the 2004-2005 policy period; and

WHEREAS, funding for the payment is available from the Authority's Low-Income Operating Budget and the Section 8 budget for the fiscal year 2004-2005;

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSION OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO THAT:

1. The Executive Director is hereby authorized to execute a purchase order to pay the Housing Authority Risk Retention Group general liability deductibles for the 2004-2005 policy year in an amount not to exceed $250,000.00

2. This resolution shall take effect October 1, 2004.

APPROVED AS TO FORM AND LEGALITY:

Donna Mart
DONNA MARTIN
General Counsel

9-2-04
DATE

REVIEWED BY:

GREGG FORTNER
Executive Director

9/3/2004
DATE

SAN FRANCISCO HOUSING AUTHORITY
440 TURK STREET • SAN FRANCISCO • CALIFORNIA • 94102 • (415) 554-1200

CERTIFICATE

I, Julie Lee, duly elected President of the Board of Commissioners of the Housing Authority of the City and County of San Francisco, do hereby certify that the following was adopted at the Regular Meeting of the Commission held on September 10, 2004:

RESOLUTION NO. 5182

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE A PURCHASE ORDER TO PAY THE HOUSING AUTHORITY RISK RETENTION GROUP FOR GENERAL LIABILITY DEDUCTIBLES FOR THE 2004-2005 POLICY YEAR IN AN AMOUNT NOT TO EXCEED $250,000.00

Attached is a true and correct copy of the Resolution as adopted at the said meeting, on file and on record as adopted by the following vote of the Members:

FOR ADOPTION:

Julie Lee
George R. Brown
Betty J. Smith
Neola Gans
George Woodruff

AGAINST ADOPTION:

ABSENT (EXCUSED):

Sululagi Palega, Sr.

IN TESTIMONY, WHEREOF, I have hereto set my hand and seal of said Authority this date: December 9, 2004.

Julie Lee, President
SFHA Commission

SAN FRANCISCO HOUSING AUTHORITY
440 TURK STREET • SAN FRANCISCO • CALIFORNIA • 94102 • (415) 554-1200

CERTIFICATE

I, Julie Lee, duly elected President of the Board of Commissioners of the Housing Authority of the City and County of San Francisco, do hereby certify that the following was adopted at the Regular Meeting of the Commission held on September 10, 2004:

RESOLUTION NO. 5181

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH GEORGE E. MASKER, INC. FOR LEAD PAINT STABILIZATION WORK AT CAL 1-10, POTRERO ANNEX AND CAL 1-17A & B, HUNTERS POINT WEST & EAST, IN AN AMOUNT NOT TO EXCEED $368,725.00

Attached is a true and correct copy of the Resolution as adopted at the said meeting, on file and on record as adopted by the following vote of the Members:

FOR ADOPTION:	**AGAINST ADOPTION:**
Julie Lee	
George R. Brown	
Betty J. Smith	
Neola Gans	
George Woodruff	

ABSENT (EXCUSED):
Sululagi Palega, Sr.

IN TESTIMONY, WHEREOF, I have hereto set my hand and seal of said Authority this date: December 9, 2004.

Julie Lee, President
SFHA Commission

SAN FRANCISCO HOUSING AUTHORITY
440 TURK STREET • SAN FRANCISCO • CALIFORNIA • 94102 • (415) 554-1200

CERTIFICATE

I, Julie Lee, duly elected President of the Board of Commissioners of the Housing Authority of the City and County of San Francisco, do hereby certify that the following was adopted at the Regular Meeting of the Commission held on September 10, 2004:

RESOLUTION NO. 5180

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH FIX PAINTING CO. FOR MISCELLANEOUS BUILDING EXTERIOR REPAIRS AT CAL 1-34, 4101 NORIEGA STREET AND CAL 1-35, 2206 – 2268 GREAT HIGHWAY, IN AN AMOUNT NOT TO EXCEED $271,000.00

Attached is a true and correct copy of the Resolution as adopted at the said meeting, on file and on record as adopted by the following vote of the Members:

FOR ADOPTION:	**AGAINST ADOPTION:**
Julie Lee	
George R. Brown	
Sululagi Palega, Sr.	
Betty J. Smith	
Neola Gans	
George Woodruff	

ABSENT (EXCUSED):

IN TESTIMONY, WHEREOF, I have hereto set my hand and seal of said Authority this date: December 9, 2004.

Julie Lee, President
SFHA Commission

HOUSING AUTHORITY
OF THE
CITY AND COUNTY OF SAN FRANCISCO

Minutes of Regular Meeting
Friday, September 10, 2004

440 Turk Street
San Francisco, California

The Housing Authority of the City and County of San Francisco met in a regularly scheduled meeting at 440 Turk Street, San Francisco, California on Friday, September 10, 2004, at 4:00 p.m.

President Julie Lee called the meeting to order at 4:09 p.m.

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1. ROLL CALL

Roll call found the following members to be:

PRESENT:
Julie Lee, President
George R. Brown, Vice President
Sululagi Palega Sr., Commissioner (arrived at 4:13p.m., excused at 4:41p.m.)
Betty J. Smith, Commissioner
Neola Gans, Commissioner
Rev. George Woodruff, Commissioner

A quorum was present.

ALSO PRESENT:
Mr. Gregg Fortner, Executive Director
Ms. Donna Martin, Agency Counsel

2. APPROVAL OF AGENDA

Vice President Brown moved to approve the agenda. Commissioner Woodruff seconded the motion. The motion to approve the agenda was unanimously passed.

3. APPROVAL OF MINUTES

Commissioner Smith moved to approve the minutes of August 26, 2004. Commissioner Gans seconded the motion. The motion to approve the minutes of the August 26, 2004 Commission Meeting was unanimously passed.

4. GENERAL COMMUNICATIONS

Executive Director, Gregg Fortner stated that the first item in the Commissioners' folders was the Commission Request Log and everything was up to date. Mr. Fortner informed the Commission that the report on the Alice Griffith Parking Lot Project would be given at the first meeting in October. The Lease-Up report and the Shooting Incident report were next in the folder. In the Commission's confidential envelope was the appeal sent to HUD regarding the troubled designation printed in the newspaper two weeks earlier.

Commissioner Smith asked if anyone had replaced Jim Williams after his retirement. Mr. Fortner explained that the duties formerly performed by Jim Williams had been absorbed by a number of people in the Agency. Mike Roetzer is covering the administrative duties, the district directors are following up on crime statistics, and a person in the legal department is collecting the police reports. Commissioner Smith asked, if she wanted to know about the crime of a particular building, would it be proper to ask Mike Roetzer. Mr. Fortner answered yes and Ignatius Leonor could also be helpful. Mr. Fortner also welcomed Ms. Smith to call him if she had any questions.

5. REPORT OF SECRETARY

Mr. Fortner stated that a couple of weeks ago, someone from HUD called the San Francisco Chronicle and informed them that the SFHA was added back to the troubled list. The SFHA has appealed the designation by showing that bills are paid on time, and $130 million has been leveraged in private investments and bond financing through HOPE VI funding. Mr. Fortner stated that the scoring means nothing to anyone except HUD. The SFHA made a compelling argument and hoped the designation would go away as quickly as it came. The appeal was hand delivered to HUD on September 10, 2004 and the Mayor's Office and Congressional Delegation were briefed on the matter. Mr. Fortner said that he hoped the designation would go away soon so that it would not negatively affect the residents.

Mr. Fortner then reported on the budget. Mr. Fortner stated that based on current information, the SFHA budget will be good for the next fiscal year beginning October 1, 2004. Congress had not passed next year's budget due to the election year. Therefore, a continuing resolution would be adhered to until at least January of 2005 when the election results are settled. Mr. Fortner informed the Commission that if the SFHA receives the same amount of funding as this year, there would be no issues with staffing and expenses. If unforeseen budget cuts occur, the SFHA would make the necessary adjustments during the course of the year. Based on the budget projections for next year, the SFHA would be able to maintain the same staffing levels, and services as this year.

Commissioner Woodruff asked how long it would take for HUD to respond to the appeal. Mr. Fortner answered that the regulations stipulate a response from HUD within 30 days. Commissioner Woodruff asked if the Authority's status would remain troubled during this period. Mr. Fortner responded that the SFHA has been financially substandard since 2000, but having a troubled designation carries more penalties. In the appeal presented to HUD, the SFHA explained how the financial situation has improved from a $2.5 million spending deficit from 1996 to 2001, to a $1.2 million surplus from 2001 through the present. The SFHA has also turned around its assets to liabilities by $11 million that equates to a $15 million difference in the last three years. Mr. Fortner challenged HUD to show another agency that has made this type of turnaround in the last three years in this environment of budget cuts and rising expenses. The SFHA has experienced unprecedented growth in the last three years, unmatched by any housing authority in the country. Commissioner Woodruff asked if there are penalties with the troubled status. Mr. Fortner explained that HUD could prevent the SFHA from pursuing any new competitive funding, although, it would not jeopardize existing funding. In the worse case scenario, the SFHA would have to enter into a Memorandum of Agreement (MOA) with HUD to improve its PHAS score to remove the troubled designation. HUD submitted an MOA about a year and a half ago to change the PHAS score within a two-year period. Mr. Fortner said this would be impossible unless the SFHA found a way to get $23 million. The SFHA is resisting the MOA because HUD is not justified in its designation. Mr. Fortner stated that the legal judgments and negative reserve balance are the only reasons the SFHA was deemed troubled, but the agency has otherwise prospered. HUD has the option to extend the 30-day deadline, and if they reject the appeal, the SFHA has the right to appeal that decision.

6. COMMITTEE REPORTS

Diversity Committee
No report.

Finance Committee
No report.

Personnel Committee
No report.

7. REPORT OF AGENCY COUNSEL

Agency Counsel Donna Martin stated that there was no closed session and nothing to report.

8. TENANT REPRESENTATIVE REPORT

City Wide Council - Senior/Disabled

No representative was present

Public Housing Tenants Association (PHTA)

No representative was present.

9. PUBLIC COMMENTS ON AGENDA ITEMS: LIMITED TO 2 MINUTES

NOTE: *The public will have the opportunity to comment on agenda items prior to any action taken by the Commission pursuant to the San Francisco Housing Authority Rules Governing Public Testimony adopted 2/23/95 as Resolution No. 4423. Prior to adjournment, after Item No. 11, the public will have the opportunity to comment on items not on the agenda.*

There were no public comments on agenda items.

10. UNFINISHED BUSINESS – None

11. NEW BUSINESS

Resolution No. 5180

(A) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH FIX PAINTING CO. FOR MISCELLANEOUS BUILDING EXTERIOR REPAIRS AT CAL 1-34, 4101 NORIEGA STREET AND CAL 1-35, 2206 – 2268 GREAT HIGHWAY, IN AN AMOUNT NOT TO EXCEED $271,000.00

Barbara Smith, Administrator of Housing Development and Modernization explained the resolution. Ms. Smith stated that the four-story building on Noriega was constructed in 1971 with eight units. The two-story, family dwelling at 2206 – 2268 Great Highway, was constructed in 1971 with 16 units. Both are within one block of the ocean and the environment has taken its toll on the exterior of the buildings. Ms. Smith said that the buildings had last been painted 13 years ago and had exceeded the standard 10-year expectancy for waterproofing and painting. In addition to the waterproofing and painting, both buildings have components that need to be replaced. Ms. Smith explained that the contract would repair, patch and fill exterior stucco; waterproof and paint the building; replace the rusted, hollow, metal doors; clean, prep and paint the wire brush build up on the front gate and fire escape stair railings; replace the damaged gutters; replace down spouts; replace damaged concrete stair treads as needed; there would be a new concrete pad port for the mailbox unit; and the intercom system in the building on Noreiga, would be upgraded and replaced.

Ms. Smith stated that the procurement process followed included all extensive outreach. The procurement documents were prepared using the SFHA boiler plate, in compliance with HUD and the state's procurement requirements, and the SFHA procurement policies and procedures. The drawings and technical specifications were prepared by the Authority's architectural services consultant, The KPA Group. These were reviewed and by the Procurement Department prior to executing the solicitation process. The standard solicitation process was adhered to. Nine potential bidders requested the invitation for bid documents and specifications. The on-site bid walk was conducted by the Housing

Development and Modernization Department on July 15, 2004. Nine contractors attended. On July 27, 2004, the Authority received bids from three contractors. All were determined to be responsive and responsible. The lowest bidder was Fix Painting Company and their bid was lower than the estimate.

Ms. Smith stated that the reference check confirmed that Fix Painting Co. was a responsive and responsible contractor. The debarment check determined that Fix Painting Co. was not debarred from federal procurement and non-procurement work. The contractor had done work of similar or greater size for other government agencies and was committed to exceeding the 25% resident hiring requirement. The contractor estimated that it would take 2000 hours to perform the work and over 500 hours would be allocated to resident employment. Fix Painting is pursuing two resident positions, one of which lives in the building on Noreiga. The contractor is not MBE/WBE certified, however they did perform outreach. The contractor's outreach efforts were reviewed by the Contracts and Procurement Department of the SFHA and it was determined that the Authority's requirements were met.

Vice President Brown asked if the painter's union was contacted for additional bids because it was not listed in the report. Ms. Smith replied that the painter's union was contacted and Fix Painting Co. is a union contractor. Ms. Smith stated that the appropriate unions are contacted for bids, in addition to the notices sent. Vice President Brown asked that the reports reflect the union outreach in the future.

Vice President Brown asked if the letters requesting MBE/WBE participation were sent by the contractor or the SFHA. Ms. Smith stated that if a firm is not MBE/WBE certified, they are required to outreach to subcontractors that are. Fix Painting Co. had to provide documentation to the Contracts and Procurement Department that demonstrates the contractor's good faith outreach. The Contracts and Procurement Department verifies the information and determines whether the contractor complied with SFHA requirements.

Commissioner Woodruff asked what the contractor plans to do because there were no interested subcontractors. Ms. Smith explained that the contractor is not allowed to add subcontractors after submitting the bid and that is why the outreach is performed ahead of time. Mr. Fortner added that the contractor would do all of the work without subcontractors.

Commissioner Woodruff asked how many employees the contractor planned to hire. Ms. Smith invited a representative of Fix Painting to address the Commission. Marinos Iacovou answered that Fix Painting would hire as many as necessary. Mr. Fortner asked if the employees would come from the union. Mr. Iacovou answered yes.

Commissioner Smith asked if the potential employee that lives on Noreiga, was in the union. Mr. Iacovou answered that he didn't know, but if he wasn't they could put him in the union. Commissioner Smith asked if the employees would be paid union wages. Mr. Iacovou answered yes.

Commissioner Gans asked if this was Fix Painting's first contract with the SFHA. Mr. Iacovou answered yes.

Vice President Brown asked what other projects of this size had Fix Painting done. Mr. Iacovou answered that their company had painted a Claire Lilienthal Elementary School in the San Francisco Unified School District as well as done work in the San Jose Unified School District.

President Lee asked what type of preventative measures the contractor was taking to ensure the longevity of the work in such a harsh weather environment. Mr. Iacovou answered that the SFHA architects choose the paint and how many layers would be painted. Ms. Smith replied that the contractor would apply primer and two coats of paint. President Lee asked who chose the colors. Ms. Smith answered that many meetings were held with the residents to develop the color scheme. President Lee asked how the contractor would prevent materials from rusting. Mr. Iacovou answered that a special rust proof primer would be used. He reiterated that Fix Painting would comply with all of the specifications of the architect. Ms. Smith added that the contractor would wire brush all of the metal to get rid of the flaking paint and then use a metal primer and paint afterwards.

Vice President Brown moved to approve Resolution No. 5180. Commissioner Woodruff seconded the motion. The motion to approve Resolution No. 5180 was unanimously passed.

Resolution No. 5181

(B) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH GEORGE E. MASKER, INC. FOR LEAD PAINT STABILIZATION WORK AT CAL 1-10, POTRERO ANNEX AND CAL 1-17A & B, HUNTERS POINT WEST & EAST, IN AN AMOUNT NOT TO EXCEED $368,725.00

Commissioner Palega was excused from the meeting during the explanation of this resolution.

Barbara Smith, Administrator of Housing Development and Modernization stated that both buildings specified in the resolution were built in 1955 and had approximately 5,100 windows and doors in the 292 units of the two developments. Ms. Smith reported that Potrero Annex and Hunters Point doors and windows have peeling lead base paint. In accordance with HUD regulations, lead-base paint stabilization effort is required to ensure the safety of children from elevated lead levels. Ms. Smith stated that the paint on the window and doorframes has severely deteriorated. HUD regulations and federal law mandate corrective action taken within 90 days of an assessment. Systematic assessments of SFHA developments are underway.

Ms. Smith reported that the work would consist of site survey and verification of existing conditions; demolition and removal of all loose and peeling paint in accordance with the SFHA hazardous materials procedures; incapsulating existing painted sills, frames, windows, and door components with lead free paint. The standard procurement process was adhered to in this solicitation. Eleven potential bidders requested the invitation for bid documents, plans and specifications. The on-site bid walk was conducted on June 23, 2004. In attendance were 12 contractors, the SFHA consultant and SFHA staff members. After the bid walk, SFHA staff contacted the painter's union again to encourage as many bidders as possible. On the closing date of July 8, 2004, the SFHA received bids from four contractors and three were determined to be responsive and responsible bidders. Pavlos Theodoroupoulos Painting Co. was deemed non-responsive by the Contracts and Procurement Department because the unipricing was materially unbalanced and the bid was incomplete. The second lowest bidder was George E. Masker, Inc. Their bid was within 1% of the independent cost estimate. According to the reference check, George E. Masker, Inc. had a good record and had done other projects for public agencies on a similar or greater scale. Their history showed that contractor initiated change orders were minimized. The debarment check showed that the company was not debarred from federal procurement and non-procurement work. Masker had agreed to exceed the 25% resident hiring goal and estimated that the job would take 3000 hours. Of the 3000 hours, a minimum of 600 hours would be allocated to resident employment. Three positions were being sought for resident hires and Masker would work closely with Joyce Armstrong to indentify viable candidates already a part of the painter's union. The contractor was able to achieve the 20% MBE/WBE participation. Ms. Smith stated that staff recommended approval of the resolution.

Commissioner Woodruff asked what portion of the job would be subcontracted. Ms. Smith invited a representative of George E. Masker, Inc. to address the Commission. Mr. Jeff Fuchs answered that they would be purchasing supplies and using the labor of an MBE/WBE firm to meet the requirement.

Commissioner Woodruff moved to approve Resolution No. 5181. Commissioner Smith seconded the motion. The motion to approve Resolution No. 5181 was unanimously passed.

Resolution No. 5182

(C) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE A PURCHASE ORDER TO PAY THE HOUSING AUTHORITY RISK RETENTION GROUP FOR GENERAL LIABILITY DEDUCTIBLES FOR THE 2004-2005 POLICY YEAR IN AN AMOUNT NOT TO EXCEED $250,000.00

Timquin Larsen, Attorney in the Office of General Counsel presented the resolution. Mr. Larsen stated that at the last meeting on August 26, 2004, the Commission authorized the SFHA to enter into a contract with HARRG for liability insurance. In that contract, the SFHA is responsible for the first $25,000 as a deductible. This resolution would enable the SFHA to pay its deductibles on an ongoing basis throughout the year. Mr. Larsen explained that within the past year, the SFHA had incurred approximately $231,000 in deductible expenses. In the year before that there were $250,000 in deductible expenses. Hence, the amount currently requested should be sufficient. Mr. Larsen stated that staff recommended the approval of the resolution.

Commissioner Smith moved to approve Resolution No. 5182. Commissioner Gans seconded the motion. The motion to approve Resolution No. 5182 was unanimously passed.

12. PUBLIC COMMENTS ON ITEMS NOT ON AGENDA

There were no public comments on items on not on the agenda.

13. COMMISSIONER COMMENTS AND REPORTS

President Lee congratulated Vice President Brown and Commissioner Smith on their newly elected positions of President and Vice President. President Lee stated that she was sure they would do a good job.

14. ADJOURNMENT

There being no further business to come before the Commission Vice President Brown moved to adjourn the meeting. President Lee adjourned the regularly scheduled meeting of September 10, 2004 at 4:47 p.m.

Gregg Fortner, Secretary/Executive Director

Julie Lee, President

SAN FRANCISCO HOUSING AUTHORITY
440 Turk Street • San Francisco CA • 94112 • (415) 554-1200

NOTICE

ANNUAL MEETING

THE ANNUAL MEETING OF THE
SAN FRANCISCO HOUSING AUTHORITY COMMISSION WILL
BE HELD ON FRIDAY, SEPTEMBER 10, 2004 AT 4:00 P.M.
AT 440 TURK STREET, SAN FRANCISCO, CALIFORNIA, 94102

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meeting

AGENDA

September 10, 2004

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1. ROLL CALL

   Sululagi Palega, Sr., President
   Julie Lee, Vice President
   George R. Brown, Commissioner
   Betty J. Smith, Commissioner
   Neola Gans, Commissioner
   Rev. George Woodruff, Commissioner

2. APPROVAL OF AGENDA

3. ELECTION OF OFFICERS

   - PRESIDENT
   - VICE PRESIDENT

4. ADJOURNMENT

The regularly scheduled meeting of the Commission will follow the adjournment of the Annual Meeting

GREGG FORTNER, SECRETARY/ EXECUTIVE DIRECTOR

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HOUSING AUTHORITY
OF THE
CITY AND COUNTY OF SAN FRANCISCO

Minutes of Annual Meeting
Friday, September 10, 2004

440 Turk Street
San Francisco, California

The Housing Authority of the City and County of San Francisco met in a regularly scheduled annual meeting at 440 Turk Street, San Francisco, California on Friday, September 10, 2004, at 4:00 p.m.

President Julie Lee called the meeting to order at 4:03 p.m.

1. ROLL CALL

Roll call found the following members to be:

PRESENT: *Julie Lee, President*
George R. Brown, Vice President
Betty J. Smith, Commissioner
Neola Gans, Commissioner
Rev. George Woodruff, Commissioner

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ABSENT: *Sululagi Palega Sr., Commissioner (excused)*
A quorum was present.

ALSO PRESENT: *Mr. Gregg Fortner, Executive Director*
Ms. Donna Martin, Agency Counsel

2. APPROVAL OF AGENDA

Vice President Brown moved to approve the agenda. Commissioner Smith seconded the motion. The motion to approve the agenda was unanimously passed.

3. ELECTION OF OFFICERS

Executive Director, Gregg Fortner stated that Agency Counsel, Donna Martin would preside over the annual meeting during the election of officers. First, Ms. Martin read from the bylaws of the San Francisco Housing Authority Commission. Ms. Martin read the following:

> "The President and Vice President shall be elected at the Annual Meeting of the Authority from among the Commissioners of the Authority and shall hold office for one year beginning at the first regularly scheduled Commission meeting in the month following their election.

> Said officers shall serve until they are removed or until their successors are elected and have qualified."

President Lee stated that when Mayor Brown appointed her to the Commission, she was very reluctant to accept it. President Lee said that she had heard negative stories in the news about the Agency and it took her almost thirty days to accept the appointment. Over the years, she had grown to enjoy working with her fellow Commissioners, especially under the leadership of Gregg Fortner and Naja Boyd. The work of the Commissioners is voluntary and for the most needy families in the city. President Lee said she was proud to be a part of the Commission. Last year, President Lee said that she was elected President of the Board. It had been a very difficult year, but was a growing experience. President Lee stated that she hoped all of the Commissioners had an opportunity to share that type of working experience.

President Lee nominated Vice President Brown for the office of President. Commissioner Gans seconded the nomination. Ms. Martin asked for any other nominations. Being none, Ms. Martin called for the vote. The nomination of Vice President Brown for President of the Board of Commissioners was unanimously passed.

Ms. Martin stated that the nominations for Vice President were open. Commissioner Gans nominated Commissioner Smith. President Lee seconded the nomination. Ms. Martin asked if there were any other nominations. Being none, Ms. Martin called for the vote. The nomination of Commissioner Smith for Vice President was unanimously passed.

Commissioner Woodruff congratulated Commissioner Smith and Vice President Brown on their newly elected offices. Commissioner Woodruff thanked President Lee for guiding the Commission through a challenging year, and commended her for doing an excellent job as President.

President Lee stated that she believed she was the first Chinese person to serve as president of this board and thanked the Commissioners for the opportunity.

4. ADJOURNMENT

Vice President Brown moved to adjourn the annual meeting of September 10, 2004. Commissioner Smith seconded the motion. President Lee adjourned the annual meeting of September 10, 2004 at 4:09p.m.

Gregg Fortner, Secretary/Executive Director

Julie Lee, President

HOUSING AUTHORITY
OF THE
CITY AND COUNTY OF SAN FRANCISCO

Minutes of Regular Meeting
Thursday, September 23, 2004

440 Turk Street
San Francisco, California

The Housing Authority of the City and County of San Francisco met in a regularly scheduled meeting at 440 Turk Street, San Francisco, California on Thursday, September 23, 2004, at 4:00 p.m.

Vice President Brown called the meeting to order at 4:12 p.m.

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1. ROLL CALL

Roll call found the following members to be:

PRESENT: *George R. Brown, Vice President*
Sululagi Palega Sr., Commissioner (arrived at 4:14p.m.)
Betty J. Smith, Commissioner
Neola Gans, Commissioner
Rev. Amos Brown, Commissioner

ABSENT: *Julie Lee, President*

A quorum was present.

ALSO PRESENT: *Mr. Gregg Fortner, Executive Director*
Ms. Donna Martin, Agency Counsel

SEATING OF NEW COMMISSIONER: REV. AMOS BROWN

Vice President Brown welcomed Commissioner Brown to the board and stated that he looked forward to working with him.

2. APPROVAL OF AGENDA

Commissioner Smith moved to approve the agenda. Commissioner Gans seconded the motion. The motion to approve the agenda was unanimously passed.

3. APPROVAL OF MINUTES

Commissioner Gans moved to approve the minutes of the Annual Commission Meeting of September 10, 2004. Commissioner Smith seconded the motion. The motion to approve the minutes of the Annual Commission Meeting of September 10, 2004 was unanimously passed.

Commissioner Smith moved to approve the minutes of the Regular Commission Meeting of September 10, 2004. Commissioner Gans seconded the motion. The motion to approve the minutes of the Regular Commission Meeting of September 10, 2004 was unanimously passed.

4. GENERAL COMMUNICATIONS

Executive Director, Gregg Fortner stated that the first items in the Commissioners' folders were the Commission Request Log and the Lease-Up report. Mr. Fortner stated that the vacancy numbers continue to decline and the Eligibility, Maintenance, and Modernization staffs should continually be commended for their hard work. The next correspondence was a letter to Mayor Newsom on behalf of some of the Commissioners. The letter thanked the Mayor for the appointment of Commissioner Brown and requested that Rev. Woodruff be reappointed. The final document in the folder was a letter to be sent to all Section 8 residents, Section 8 owners and public housing residents. The letter was intended to dispel any anxiety over the article recently appearing in the San Francisco Chronicle newspaper. The letter stated that bankruptcy was not currently an option for the SFHA, what options the SFHA has and the reasoning behind them, and that the goal of the SFHA is to provide services with the resources available.

Commissioner Palega arrived.

Commissioner A. Brown requested that his name be added to the letter in support of Rev. Woodruff's appointment to the SFHA Board of Commissioners. Mr. Fortner replied that an amended letter could be sent to the Mayor's Office.

5. REPORT OF SECRETARY

Mr. Fortner stated that he would provide a more detailed report of the budget for FY 2005 at the next Commission meeting. Mr. Fortner reported that the SFHA would be going on a continued resolution with HUD because of the presidential elections. HUD's new budget year begins on October 1, but more than likely Congress wouldn't pass a budget until January of 2005. Therefore, the SFHA would have the same amount of funding as the previous year and any necessary adjustments would be made after the budget is passed.

Next, Mr. Fortner reported that after 17 years with the SFHA, Larry Andrews had decided to retire. Mr. Fortner thanked Mr. Andrews for the 17 years he spent working with the Section 8 Department. Mr. Andrews was not present due to a medical procedure, but a celebration would be held for him in the months to come. Mr. Fortner reported that Tony

Ucceferri would now serve as the Acting Section 8 Administrator and requested the cooperation of all staff for a smooth transition.

Vice President Brown asked if the SFHA had received a response from the letter sent to HUD regarding the appeal of the Agency's troubled designation. Mr. Fortner answered no, but HUD did acknowledge receiving the letter and had 30 days to respond. The time could be extended if they choose to do so. Otherwise, the SFHA expects a response by October 10, 2004.

6. COMMITTEE REPORTS

Diversity Committee
No report.

Finance Committee
No report.

Personnel Committee
No report.

7. REPORT OF AGENCY COUNSEL

Agency Counsel Donna Martin stated that there was nothing to report and no closed session.

8. TENANT REPRESENTATIVE REPORT

City Wide Council - Senior/Disabled

Mr. Fortner stated that Mr. Vitalie was ill, but would report at the next Commission meeting.

Public Housing Tenants Association (PHTA)

Kimberly Brown, President of the PHTA reported that Doris Ward gave her a flyer for the Black Women Organized for Political Action's event on September 23, 2004, 6:00p.m. - 9:00p.m. at Benjamin Franklin Middle School, 1430 Scott Street, San Francisco. The guest speaker would be the Honorable Regina Thomas, New Jersey Secretary of State. Ms. Brown stated that the event was not bipartisan, but was in support of John Kerry's campaign for Presidency. Mr. Fortner added that any involvement by the SFHA is bipartisan. Ms. Brown said that she made that clear to the organization.

Commissioner Smith stated that the City Wide Council had a boat cruise for the seniors of the SFHA around the bay on September 21, 2004, that was very successful.

Commissioner Brown commented that he understood that any involvement of the SFHA is supposed to be nonpartisan, but in the interests of the population that the Housing Authority serves, measures and personalities whose national public policy measures are in favor of the oppressed, should be supported. Commissioner Brown stated that he learned that the current administration is planning to cut Section 8 vouchers in New York, and this would be replicated across the country. Therefore, wherever friends supporting the interests of the poor and those living in public housing are, representatives of the SFHA have a moral obligation to be present.

Mr. Fortner added that the Commission could support who ever they wanted to, but the SFHA could not expend federal funds to any partisan endeavor. Mr. Fortner stated that the SFHA had been a national example for its Public Housing and Section 8 participant voter registration efforts. Mr. Fortner said that had received a phone call informing him that a senator is attempting to add language to the HUD appropriations to prohibit the use of operating subsidies and capital funds for voter registration activities. This had not been passed, and would probably be met with opposition, but Mr. Fortner contended that this shows how there are some people in Congress who do not want poor people to empower themselves by voting. Mr. Fortner stated that the Commission could support whomever they preferred, but the expenditure of SFHA federal funds must remain nonpartisan.

Vice President Brown stated that the Commission Request Log indicated that the police shooting report should have been included in their folders, but wasn't. He inquired as to why. Mr. Fortner explained that the report was prepared, but due to some confusion in printing and beginning the meeting it was accidentally omitted. Mr. Fortner assured the Commission that they would receive the report before the end of the meeting.

9. PUBLIC COMMENTS ON AGENDA ITEMS: LIMITED TO 2 MINUTES

NOTE: *The public will have the opportunity to comment on agenda items prior to any action taken by the Commission pursuant to the San Francisco Housing Authority Rules Governing Public Testimony adopted 2/23/95 as Resolution No. 4423. Prior to adjournment, after Item No. 11, the public will have the opportunity to comment on items not on the agenda.*

There were no public comments on agenda items.

10. UNFINISHED BUSINESS – None

11. NEW BUSINESS

(A) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH YUM'S MECHANICAL CO., INC. FOR BOILER, PUMP, AND PIPE REPLACEMENT WORK AT CAL 1-18(13), MISSION DOLORES, IN AN AMOUNT NOT TO EXCEED $187,000.00

Barbara Smith, Administrator of Housing Development and Modernization explained the resolution. Ms. Smith stated that the ten-story building was constructed in 1966 with 92 senior and disabled dwelling units. On September 22, 2004, the Modernization Department was informed by Maintenance that the heating boilers had stopped working. Maintenance had determined that they could not be repaired which increased the urgency of this contract. Ms. Smith said that one domestic hot water boiler was working, but not very well. As soon as the contract was awarded, the contractor would be authorized to install a temporary boiler. Unlike most of the other boiler replacement work done, the boilers at Mission Dolores were replaced ten years ago by Honeywell. These boilers do not conform to the SFHA standards. They are a unique type requiring specially trained mechanics that are only available through a maintenance contract. Therefore, these boilers have been very costly to maintain as well as unreliable. The upkeep of the other boilers had been performed by the SFHA maintenance staff.

Ms. Smith stated that the contract would allow for: a survey of existing conditions; demolition and replacement of the existing heating and domestic hot water boilers, pumps, accessories, controls and pipes; installation of new equipment and furnishings; and installation of a new electrical panel in the boiler room. Heating and hot water would be supplied to the residents throughout the contract work. The procurement process began on July 12, 2004, with the SFHA's solicitation for bids. The solicitation was preceded by a review of the solicitation documents by the Finance and Procurement Departments. The process was in conformance with the Authority's procurement policies and procedures, HUD requirements, and all other procurement laws and regulations. The Housing Development and Modernization Department developed invitation for bids, documents, plans and specifications based on the boiler-plate provided by the Procurement department. The specifications were based on the SFHA mechanical engineering consultant, Mechanical Solutions. The standard outreach was performed and five potential bidders requested the invitation for bid documents, plans and specifications. An onsite walk was conducted on July 22, 2004. Present were five contractors, the SFHA consultant and staff members. Following the bid-walk, the Modernization Department contacted the Plumbers Union again to increase the outreach and encourage as many bidders as possible. The second bid-walk was held in early August, prior to the closing date of August 5, 2004. Five responsible and responsive bids were received by the closing date. The bid documents were publicly opened and read aloud. The submittal documents were reviewed by the Housing Development and Modernization Department and then forwarded to Procurement and Contracts. Yum's Mechanical had the lowest bid, 21% lower than the independent cost estimate. The funds were budgeted in the 2003 Capital Funds program. As required by HUD, the contract award is to be based on the lowest responsive and responsible bidder. As requested, Yum's Mechanical reviewed their bid and stood by it. Ms. Smith stated that the reference check of past projects showed that Yum's Mechanical was a responsible contractor with a good record. They had performed similar work for other public agencies and had a good record of minimizing contractor initiated change orders. Yum's Mechanical is not debarred from federal procurement and non-procurement work. Ms. Smith listed all of the licenses of Yum's Mechanical and stated that they are committed to exceeding the 25% resident hiring goal. A minimum of 162 ½ of an estimated 650 hours would be allocated to one resident employee. Yum's Mechanical is a 100% MBE firm and staff recommended approval of the resolution. Ms. Smith added that Yum's Mechanical was registered with the Association Builders and Contractors (ABC) and had a plumber's apprentice training program with them. Yum's Mechanical stated that they were interested in continuing the resident's employment on other jobs as well.

Commissioner Smith asked for the reason the boilers didn't last from the time of their most recent installation in 1996. Ms. Smith replied that Honeywell replaced a lot of equipment in the SFHA without obtaining the proper specifications approved by the Authority. Consequently, much of the equipment had to be replaced and a subsequent lawsuit was filed. There were flimsy lighting fixtures, and faulty boilers that required outside contracts to maintain and could not withstand the use. Ms. Smith stated that this was not a typical situation for SFHA contracts, but unfortunately, there were a lot of items that had to be replaced after Honeywell installed them. Commissioner Smith asked staff to be careful so that same situation wouldn't happen again. Mr. Fortner stated that the Honeywell work was arranged by the HUD Recovery Team, and was not a procured contract. It was part of an Energy Service Contract that had many problems the SFHA resolved in the last year. Mr. Fortner clarified that this was not the same process. Commissioner Smith stated that a situation where seniors did not have hot water would not happen again. Ms. Smith explained that the boilers the contractor would install were the same as in other developments and were recommended by the Maintenance Department. Maintenance said that the boilers would be easy to replace parts and repair, if necessary.

Commissioner Gans asked how long the company had been in business. Commissioner Palega asked Ms. Smith if the resident employed by Sonomarin, in the ABC apprenticeship program, was still employed by them. Ms. Smith answered yes. Commissioner Palega stated that he was concerned because it seemed like they didn't get enough work.

Commissioner Brown stated that he had a generic concern regarding the SFHA meeting the MBE/WBE standard. Commissioner Brown said that he was concerned about all people who had been underserved in being awarded contracts, but he felt the SFHA had a moral obligation to quantify whether the African-American community was getting its fair share of the contracts. Commissioner Brown said that he hoped that in the outreach program of the SFHA, there were documented statements detailing the effort made to get African-Americans to bid for the contracts and not miss opportunities by grouping them in as minorities. Yet, in the African-American communities joblessness, hopelessness, and violence is quantified. Commissioner Brown stated that he hoped the SFHA would make that effort while being fair to everybody, but the African-American community has been under siege in terms of losing too much educationally, jobs, and quality of living. Ms. Smith responded that she would make sure the SFHA did extra outreach.

Vice President Brown asked who checks to ensure that the contractor is affiliated with an apprenticeship program. Ms. Smith answered that the SFHA requests verification that the contractor is a part of a state approved apprenticeship program. Vice President Brown asked if the SFHA had received this documentation from Yum's Mechanical. Ms. Smith answered yes. Vice President Brown's follow-up question was if Yum's Mechanical had done similar work in the past and was affiliated with the ABC program, did they have a resident currently or previously working for them. Vice President Brown said that his concern was that the resident have a future besides this job that lasts only a month.

Mr. Fortner asked if this was Yum's first contract with the SFHA. Ms. Smith answered yes and they had done previous work for the school district and other public agencies. In response to Vice President Brown's inquiry, Ms. Smith replied that she believed that the company performed the majority of the work themselves. David Leong of Yum's Mechanical addressed the Commission. Mr. Leong listed the jobs they were currently working on for various public entities and said that they work with the Air Conditioners Trade (ACTA) and ABC. When they have work, their company usually requests an apprentice to help them train or raise their level so that the apprentice could have more opportunities with other companies.

Commissioner Palega asked if Yum's Mechanical was willing to hire an apprentice after reaching the journeyman level. Mr. Leong responded that they are willing to hire them, but usually people choose to work somewhere else. Commissioner Palega asked Mr. Leong to specify how many people their company had hired at an apprentice or journeyman level. Mr. Leong responded that if their company needs three to four people for a job, they would hire at least one or two. Commissioner Palega asked how many local apprentices had their company hired so far. Mr. Leong answered one because their company is not that big. Mr. Fortner asked if the jobs Mr. Leong listed were in the past or current. Mr. Leong replied that they were in the past. Commissioner Palega asked how many people they had hired into apprenticeships. Perc, also of Yum's Mechanical stated that they had requested apprentices from the ABC program and they had sent one, so far. Perc said that usually the program does not have what they request or do not have enough apprentices to be able to dispatch to them. Commissioner Palega asked if they had considered working with the local apprenticeships because they are not receiving what they need from ABC. Perc responded that they had considered it. Commissioner Palega stated that his concern was that Yum's Mechanical had these jobs, hadn't had an apprentice, continued to perform the work, and denied an opportunity to others. If Yum's hadn't been successful in obtaining an apprentice from ABC, then why weren't other possibilities explored.

Vice President Brown asked how Yum's Mechanical was able to bid 21% below the estimated cost and what part of the work would the subcontractor perform. Mr. Leong replied that their company would perform the demolition and general work and the boiler replacement work would be done by the subcontractor. This would consist mostly of the plumbing work. Ms. Smith explained that the three lowest bids were fairly close and even the highest bid was lower than the cost estimate. Vice President Brown asked if Yum's Mechanical would pay the prevailing wage. The representatives answered yes. Next, Vice President Brown asked how many people would be working on the job. Mr. Leong answered, probably three plus one residents.

Commissioner Smith said that she believed the other low bids should be considered as an option because it didn't seem like Yum's Mechanical was very interested in helping SFHA residents. Mr. Fortner added that federal procurement standards require the SFHA to award the contract to the lowest responsive bidder, which is Yum's Mechanical. Vice President Brown stated that he believed it was up to the Commission to make sure that the SFHA went with the most appropriate bidder and if not, then why does it come before the Commission. Vice President Brown said that Commissioner Smith's comment was in order. Mr. Fortner asked Commissioner Smith to question the contractor to make sure they have an opportunity to answer and address any concerns. Vice President Brown said that was what they were trying to do.

Commissioner Gans stated that she still wanted to know how long they had been in business. Mr. Leong answered since 1980.

There was no motion to approve the resolution.

Resolution No. 5183

(B) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO TWO SEPARATE TWO-YEAR CONTRACTS FOR $200,000 EACH, ONE WITH KODAMADISEÑO, AND ONE WITH THE KPA GROUP, TO PROVIDE ARCHITECTURAL SERVICES ON AN AS-NEEDED, TASK ASSIGNMENT BASIS FOR ALL DEVELOPMENTS IN A TOTAL AMOUNT NOT-TO-EXCEED $400,000 FOR THE TWO CONTRACTS

Steve Haines of the Housing Development and Modernization Department presented the resolution. Mr. Haines explained that the two contracts would replace the expiring contract that the SFHA had with the last capital fund program. This year, the SFHA would have over $5 million in planned capital fund improvements. Additionally, Mr. Haines reported that there would be $1 million in funds from the Community Development Block Grant program. The planned projects required architectural services. The architects would assist by providing architectural expertise, design the solution, prepare construction documents for public bidding, and provide technical expertise to evaluate the contractor's construction and performance under the construction contracts. Mr. Haines brought the Commission's attention to the second page of the report detailing the possible task assignments pertaining to existing facilities or new construction. The architects would also be available to provide their expertise in emergency situations. On page three, Mr. Haines reviewed the RFQ procurement process that was consistent with the federal, state and local requirements, as well as the SFHA procurement policy. Mr. Haines stated that in the RFQ process, the highest ranked, qualified firm is selected and then fair and reasonable compensation is negotiated. If it were not possible to negotiate a fair and reasonable rate, another firm would be considered. The solicitation received advanced approval from the Procurement Department and the Finance Department confirmed that funding was available for the two contracts as well as the capital fund improvements anticipated for the firms.

Mr. Haines reported that the RFQ was released on July 12, 2004, and extensive outreach was done through the city outreach services and the other standard websites and publications. Additionally, an email was faxed to over 100 firms announcing the availability of the RFQ. Fifty-three of the firms were minority and women owned enterprises. Records of the outreach are maintained. The SFHA received eleven statements of qualifications by the August 10, 2004, due date. The evaluation panel reviewed and ranked the written statements of qualifications based on the firm's qualifications, staff profiles, understanding of the project, approach to the project, and the company's affirmative action, minority, and resident hiring plan. Five of the eleven firms were invited to an interview. Kodamadiseño and the KPA Group were clearly the superior firms.

Mr. Haines described Kodamadiseño as a local, minority firm started in 1978. The majority of Kodamadiseño's work history involves low-income housing and rehabilitation. The firm had a lot of experience with renovations while the residents remain on the site. Kodamadiseño had substantial experience with the Oakland and Richmond Housing Authorities, and prior experience with the SFHA in the early 1990's. Kodamadiseño also had special expertise and accessibility compliance.

Mr. Haines stated that the KPA Group was a local group of 20 professional that hold the expiring architectural contract. The evaluation panel was pleased with their work performance and wanted to reuse their services. On the evaluation panel were two architects from the Housing Development and Modernization Department, and the manager of Central Maintenance. Some of the previously assigned tasks were designing the construction documents for the re-roofing of 440 Turk Street; exterior repairs at 4101 Noriega Street and 2206-2268 Great Highway, conversion of a residential unit to a Computer Learning Center at Alemany; an assessment of the Milton Meyer Gymnasium; and an emergency generator at 227 Bay Street. Mr. Haines stated that some of the planned repairs include operable window grilles and security fencing at several developments; exterior repairs at Westside Courts, 491 31st Avenue, and 200 Randolph; roof drainage repairs at several developments; and accessibility upgrade for various developments. Mr. Haines reiterated that the funds are available and the rates are similar to what the SFHA has paid in the past. Both firms agreed to hire residents to meet or exceed the 25% hiring requirement. This equated to 450 hours per firm and a total of at least 900 hours. Mr. Haines reported that the KPA Group had employed a resident in the past. The person was a resident and college student from the Sunnydale Development. The student is studying Computer Aided Drafting and hopes to be employed for another summer with the KPA Group. In addition, the KPA Group contacted Joyce Armstrong to determine whether there were other residents willing to take advantage of this opportunity. Kodamadiseño employed a resident under their contract back in the 1990's and are enthusiastic about employing a resident under this contract. Mr. Haines stated that Kodamadiseño was a local, minority business enterprise, but the KPA Group was not. Both firms had a diverse workforce and provided affirmative action acknowledgment forms compliant with Executive Order 11246. Mr. Haines stated that staff recommended approval of the resolution.

Commissioner Palega asked how much the previous contract was for and over what period of time. Mr. Haines answered $200,000.00 for two years, but there were so many task assignments that the funds were depleted before the end of two years. Commissioner Palega asked how much was added to their contract. Mr. Haines answered none. Commissioner Palega stated that it seemed like the contracts were being doubled for the same amount of time and questioned whether it was necessary to have two contracts versus increasing one for the KPA Group, who the SFHA was satisfied with. Commissioner Palega asked if the SFHA explored that option because the SFHA also has other needs that the funding could be used for. Mr. Haines explained that those over the Capital Fund Program and the CDBG funds thought there to be more work in this period than one firm could undertake. Mr. Haines said that it was the goal of the Agency to complete the task assignments and get them out to bid as quickly as possible so that any modernization efforts could be expedited. Another advantage of having two firms is the ability to describe a situation to both firms, have them state their price according to their solution, and the SFHA select the most cost effective solution. Mr. Haines stated that the firms have slightly different rates for their various employee categories. Therefore depending on how the firm assigns a task, it could be more or less costly for the Agency. This method also encourages price competition. Mr. Fortner added that the funds are for capital fund items for the next two years, but if the SFHA didn't receive any capital funds, the firms would not be assigned any tasks to draw from those funds. Commissioner Palega asked how much work was anticipated because the top ranked firm of an RFQ or RFP is selected for the contract. Commissioner Palega said if that is not being done then why proceed with the process of ranking them. Mr. Haines replied that it was a federal requirement to obtain architects. Commissioner Palega said that he understood that, but it seemed to be a two-tier system. Commissioner Palega asked how much more work is anticipated. Mr. Haines responded that the architectural work would be double that of the previous contract. The SFHA anticipates $6 million in architectural projects. Mr. Fortner reiterated that the SFHA would need the architectural expertise for $6 million in planned projects. The reason for two contracts is to increase responsiveness in an emergency situation, and enable the SFHA to obtain the lowest bid for any particular job.

Vice President Brown stated that the fifth ranked firm scored higher in the written evaluation than the second ranked firm. Vice President Brown asked if an oral interview was conducted. Mr. Haines answered yes and explained that the firms meet with the evaluation panel, make a presentation, respond to questions related to the evaluation criteria, and then are given an opportunity sum up their presentation. The whole process takes approximately an hour. Vice President Brown commented that some people are not as good at oral presentations as written presentations and asked if all five firms were asked to submit a bid. Mr. Haines answered that the two most qualified are selected and then the billing rates are negotiated. Mr. Fortner asked what benchmark is used to negotiate the billing rates. Mr. Haines answered that the billing rates are negotiated based on what the SFHA customarily paid in the last three years.

Commissioner Palega moved to approve Resolution No. 5183. Commissioner Brown seconded the motion. The motion to approve Resolution No. 5183 passed unanimously.

Resolution No. 5184

(C) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A ONE-YEAR CONTRACT WITH A-B COMMUNICATIONS COMPANY TO PROVIDE AFTER-HOURS EMERGENCY CALL SYSTEM SERVICES AT THE SAN FRANCISCO HOUSING AUTHORITY DEVELOPMENTS IN AN AMOUNT NOT TO EXCEED $100,000.00

Alex Chanco, Director of Maintenance presented the resolution. Mr. Chanco explained that after hours is defined as after 5:00 p.m. to 8:00 a.m. on weeknights, 5:00 p.m. Friday, to 8:00 a.m. Monday on the weekends, and 24 hours on all holidays observed by the SFHA. The Authority issued a solicitation on May 28, 2004, and the procurement met the standards of the HUD *Procurement Handbook for Public Housing Agencies and Indian Housing Authorities,* the SFHA Procurement Policy Manual, and local laws. The solicitation was advertised on the SFHA website and the City of San Francisco Contract Administration Bids and Contracts Database website. Additionally, invitains to submit a proposal were emailed to a list of vendors specializing in the services indicated in the Request for Proposal. The list was obtained from the Small Business Administration's database. Mr. Chanco reported that June 25, 2004, was the closing date of the solicitation with one responsive submission, A-B Communications. The proposal was evaluated by representatives of the Housing Authority's Maintenance Unit, and was determined to meet the requirements of the proposal as well as the needs of the Authority. A-B Communications past performance capabilities and responsibilities have been demonstrated through its 18 years of service with the SFHA. Mr. Chanco said that A-B

Communications was willing to comply with the 25% resident hiring requirement and recommended approval of the resolution.

Commissioner Palega asked if this resolution would help improve the SFHA response to emergencies. Mr. Chanco answered yes, because the dispatching service would contact the appropriate craft directly versus going through a management official first. Commissioner Palega asked how many calls are received per week. Mr. Chanco answered that 80 to 100 calls are received on average. Commissioner Palega asked if the volume of calls varies. Mr. Chanco answered that more calls are received during the winter season. Commissioner Palega asked if the work would be done by SFHA staff. Mr. Chanco answered yes.

Vice President Brown asked if there were many companies that perform the type of work requested in the resolution. Mr. Chance answered that there are many answering services in the city, but this is a specialized field for maintenance. Vice President Brown asked if this is the company the SFHA currently works with. Mr. Chanco answered yes, and that the SFHA has utilized their services for the last 19 years.

Commissioner Palega moved to approve Resolution No. 5184. Commissioner Smith seconded the motion. The motion to approve Resolution No. 5184 was unanimously passed.

Mr. Fortner stated that because there was no motion for item 11A defeating or passing the resolution, it would come before the Commission at a future meeting.

Commissioner Brown asked if the repair of the boiler was an emergency and a place where seniors live. Mr. Fortner stated that the discussion on the matter had been closed. Commissioner said a motion could be made to reconsider it. Commissioner Palega stated that he would like to examine the other contractors in another presentation of the resolution. Mr. Fortner stated that the resolution would be revisited as soon as possible and hopefully staff's presentation would alleviate any questions. Commissioner Smith stated that her concern was that the company was small and not just in the resident hiring. Mr. Fortner stated that it was against procedure to address the issues of the resolution at that time. Vice President Brown assured the Commission that the resolution would be presented and all issues could be discussed later. Vice President Brown directed the Commissioners to submit their questions to Mr. Fortner before the item came back before the Commission.

12. PUBLIC COMMENTS ON ITEMS NOT ON AGENDA

Lavonne Barnes, Executive Director of the Hunter's Point Boys and Girls Club stated that numerous children are coming into their facility with mosquito bites. Ms. Barnes asked what the Commissioners are prepared to do about the West Nile disease. Ms.

Barnes expressed grave concern for the children being attacked by mosquitoes. Ms. Barnes asked the SFHA to consider spraying around public housing for mosquitoes.

13. COMMISSIONER COMMENTS AND REPORTS

Commissioner Palega thanked Commissioner Woodruff for his service as a Commissioner and stated that he had made a call to the Mayor's Office in favor of bringing him back. Commissioner Palega stated that if Commissioner Woodruff does not come back, he would like to see him presented with a letter or plaque. Commissioner Palega also welcomed Commissioner Brown and said that he looked forward to his advocacy for poor people and residents in public housing. Commissioner Palega also stated that he hoped to see Larry Andrews honored for his service at the SFHA through many changes during the HUD takeover. Commissioner Palega thanked Mr. Andrews for his years of service and dedication in the Section 8 Department and commended him for bringing closure to many issues including the voucher lease up.

Vice President Brown asked if something could be done for Mr. Andrews. Mr. Fortner stated that the SFHA planned to honor both Larry Andrews and Jim Williams, but didn't believe it would be fair to combine the celebrations.

Mr. Fortner stated that the SFHA would work with the Department of Public Health to determine what could be done regarding the West Nile virus. Mr. Fortner stated that the SFHA would tie this into the Mayor's agenda of city agencies cooperating to resolve the issue as soon as possible. Vice President Brown asked Mr. Fortner to report back to the Commission on the issue of mosquitoes.

Commissioner Smith announced that Rosa Parks would have their tenant association meeting on September 28, 2004, and requested translators for Korean, Spanish, and Russian. Commissioner Smith said that she would speak with Naja Boyd about it more specifically.

14. ADJOURNMENT

There being no further business to come before the Commission Vice President Brown adjourned the regularly scheduled meeting of September 23, 2004 at 5:25 p.m.

Gregg Fortner, Secretary/Executive Director

George R Brown

George R. Brown, Vice President

SAN FRANCISCO HOUSING AUTHORITY
440 Turk Street • San Francisco CA • 94102 • (415) 554-1200

NOTICE

THE REGULARLY SCHEDULED MEETING OF THE
SAN FRANCISCO HOUSING AUTHORITY COMMISSION
WILL BE HELD ON THURSDAY, SEPTEMBER 23, 2004 AT 4:00 P.M.
AT 440 TURK STREET, SAN FRANCISCO, CALIFORNIA, 94102

AGENDA
September 23, 2004

1. ROLL CALL

   Julie Lee, President
   George R. Brown, Vice President
   Sululagi Palega, Sr., Commissioner
   Betty J. Smith, Commissioner
   Neola Gans, Commissioner
   Rev. Amos Brown, Commissioner

   SEATING OF NEW COMMISSIONER: REV. AMOS BROWN

2. APPROVAL OF AGENDA

3. APPROVAL OF MINUTES

   - September 10, 2004 Annual Commission Meeting
   - September 10, 2004 Commission Meeting

4. GENERAL COMMUNICATIONS

5. REPORT OF SECRETARY

6. COMMITTEE REPORTS

   Diversity Committee – Nothing to Report
   Finance Committee – Nothing to Report
   Personnel Committee – Nothing to Report

7. REPORT OF AGENCY COUNSEL

DOCUMENTS DEPT.
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SAN FRANCISCO
PUBLIC LIBRARY

8. TENANT REPRESENTATIVE REPORT:
City Wide Council - Senior/Disabled
Public Housing Tenants Association (PHTA)

9. PUBLIC COMMENTS ON AGENDA ITEMS: LIMITED TO 2 MINUTES

NOTE: *The public will have the opportunity to comment on agenda items prior to any action taken by the Commission pursuant to the San Francisco Housing Authority Rules Governing Public Testimony adopted 2/23/95 as Resolution No. 4423. Prior to adjournment, after Item No. 11, the public will have the opportunity to comment on items not on the agenda.*

10. UNFINISHED BUSINESS - NONE

11. NEW BUSINESS

(A) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH YUM'S MECHANICAL CO., INC. FOR BOILER, PUMP, AND PIPE REPLACEMENT WORK AT CAL 1-18(13), MISSION DOLORES, IN AN AMOUNT NOT TO EXCEED $187,000.00

(B) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO TWO SEPARATE TWO-YEAR CONTRACTS FOR $200,000 EACH, ONE WITH KODAMADISEÑO, AND ONE WITH THE KPA GROUP, TO PROVIDE ARCHITECTURAL SERVICES ON AN AS-NEEDED, TASK ASSIGNMENT BASIS FOR ALL DEVELOPMENTS IN A TOTAL AMOUNT NOT-TO-EXCEED $400,000 FOR THE TWO CONTRACTS

(C) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A ONE-YEAR CONTRACT WITH A-B COMMUNICATIONS COMPANY TO PROVIDE AFTER-HOURS EMERGENCY CALL SYSTEM SERVICES AT THE SAN FRANCISCO HOUSING AUTHORITY DEVELOPMENTS IN AN AMOUNT NOT TO EXCEED $100,000.00

12. PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA

13. COMMISSIONER'S COMMENT AND REPORT

14. ADJOURNMENT

GREGG FORTNER, Secretary/Executive Director

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SAN FRANCISCO HOUSING AUTHORITY
440 Turk Street • San Francisco CA • 94112 • (415) 554-1200

DATE: September 23, 2004

TO: SAN FRANCISCO HOUSING AUTHORITY COMMISSIONERS

Julie Lee, President
George R. Brown, Vice President
Sululagi Palega, Sr., Commissioner
Betty J. Smith, Commissioner
Neola Gans, Commissioner
Rev. Amos Brown, Commissioner

FROM: Gregg Fortner, Secretary/Executive Director

SUBJECT: **RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH YUM'S MECHANICAL CO., INC. FOR BOILER, PUMP, AND PIPE REPLACEMENT WORK AT CAL 1-18(13), MISSION DOLORES, IN AN AMOUNT NOT TO EXCEED $187,000**

OVERVIEW

This resolution authorizes the Executive Director to enter into a contract with Yum's Mechanical Co., Inc. for boiler, pump, and pipe replacement work at Mission Dolores, a senior development. The ten-story Mission Dolores building was constructed in 1966 with 92 senior and disabled dwelling units.

The Heating and Domestic Hot Water System is ten years old, difficult and costly to repair. The existing boilers are unreliable and their replacement is urgently needed to ensure uninterrupted heat and hot water to senior and disabled residents. Unless the boilers are replaced, the availability of continuous heat and hot water during the cool summer months and following winter cannot be assured.

PROCUREMENT

The Authority issued Solicitation No. 04-620-IFB-025 on July 12, 2004, following review and approval of the solicitation by the Finance and Procurement & Contracts (Procurement) Departments. The procurement process for the action covered by this resolution meets the procurement standards of 24 CFR 85.36 "Procurement", HUD Handbook 7460.8 REV 1, "Procurement Handbook for Public Housing Agencies and Indian Housing Authorities", the San

Francisco Housing Authority Procurement Policy Manual, and the State of California, and local laws.

The Housing Development & Modernization Department (HD&Mod) developed the Invitation for Bid documents, Plans, and Specifications based on master procurement documents furnished by Procurement and construction documents (drawings and technical specifications) furnished by the Authority's Mechanical Engineering consultant, Mechanical Solutions. The documents were reviewed and approved by Procurement prior to the start of the bid process.

The Authority advertised for bidders and outreached to potential bidders as follows:

Past Bidders List, Contractors Blue Book & Yellow Pages: The Authority e-mailed, faxed or mailed its Invitation for Bid advertisement to sixty-one (61) individual contractors from the Authority's Past Bidders List, the Contractors Blue Book and Telephone Directory Yellow Pages.

HRC: The Authority e-mailed, faxed or mailed its Invitation for Bid advertisement to four (6) MBE/WBE contractor listed by the San Francisco Human Rights Commission.

Labor Unions: The Authority mailed its Invitation for Bid Documents, Plans & Specifications to the San Francisco Buildings Trade Council, and Plumbers Union Local 38. Following the bid walk, staff contacted the Plumbers Union Local 38 Business Agent several times to enlist his support and encourage more bidders.

Newspapers: The Authority publicly advertised its Invitation for Bid advertisement in the following newspapers:
Daily Pacific Builder, (trade publication)
San Francisco Bay View, (African American community)
World Journal, (Asian American Community)

Additional Newspapers: The Authority e-mailed its Invitation for Bid advertisement to the San Francisco Board of Supervisors office who placed the advertisement in the following community newspapers:El Latino (Hispanic American community),

- El Reportero (Hispanic American community),
- Asian Week (Chinese American community),
- Chinese Times (Chinese American community),
- San Francisco Bay Times (Lesbian/Gay/Bi-sexual/Transgender community),
- San Francisco Spectrum (Lesbian/Gay/Bi-sexual/Transgender community).

Public Agency Websites: The Authority e-mailed its Invitation for Bid advertisement to the following agencies who placed the advertisement in their website bulletin boards:

- City and County of San Francisco (City Purchasing Department),
- California State Contracts Register (Office of Small Business Certification and Resources),
- Small Business Administration's PRO-Net (Office of Government Contracting & Minority Enterprise Development).
- U.S. Department of Commerce's BIDNET (Minority Business Development Agency)

Builders Exchanges: The Authority sent its Invitation for Bid Documents, Plans & Specifications to the following Builders Exchanges, where the documents are available to Contractors for review and bid preparation:San Francisco Builders Exchange,

- Peninsula Builders Exchange,
- Builders Exchange of Alameda County,
- Santa Clara Builders Exchange,
- Contra Costa Builders Exchange,
- BV2HP Builders Exchange,
- MECA Builders Exchange (member base composed of small DBE, M/WBE firms),
- Marin Builders Exchange,
- Construction Data Plan Room,
- San Francisco Building and Construction Trade Council,
- Local Union 38, Plumbers Union,
- Local Union 6, International Brotherhood of Electrical Workers.

Five (5) potential bidders requested the Invitation for Bid documents, Plans and Specifications that were issued by HD&Mod. The on-site bid walk was conducted by HD&Mod on July 22, 2004. In attendance were five (5) contractors along with the Consultant, and Authority staff members from HD&Mod Department. Following the bid walk, staff contacted the Plumbers Union Local 38 Business Agent to enlist his support in encouraging more bidders.

BIDDER SELECTION PROCESS

On the closing date for the solicitation, August 5, 2004, the Authority received bids from five (5) responsive and responsible contractors. The bid documents were publicly opened and read aloud. The submittal documents were reviewed by HD&Mod and forwarded to Procurement for review and approval to prepare this resolution. The Contractors' bids are as follows:

BID PROPOSALS:

Bidder	Bid Proposal	25% Resident Hiring	Contractor MBE/ WBE	Sub Contractors	MBE/WBE Sub Contractor % Of Total Job	Total MBE/ WBE
Yum's Mechanical Co., Inc.	$187,000	Yes	Yes	One	63%	100%
Black Sea Corp.	$187,500	Yes	No	Two	0%	0%
Sonomarin, Inc.	$197,818	Yes	No	Three	20.7%	20.7%
Schram Construction	$238,900	Yes	No	One	0%	0%
Ayoob & Peery	$249,177	Yes	No	Four	0%	0%

Per HUD-5369 Instructions to Bidders, the contract award is based on the lowest, responsive, and responsible bidder. Based on the above, the lowest, responsive, and responsible bidder is Yum's

Mechanical Co., Inc. Yum Mechanical's bid is twenty-one (21) percent lower than the cost estimate and budgeted amount. Upon request, Yum's Mechanical Co., Inc. reviewed its bid and informed Procurement that it stood by its bid.

According to the reference check on past projects performed by Yum's Mechanical Co., Inc., the firm is a responsible contractor with a good record. They have performed similar contracts for other public agencies and have a good history of minimizing contractor-initiated change orders. A debarment check was made and shows that Yum's Mechanical Co., Inc. is not debarred from Federal Procurement and Non-Procurement work.

OBJECTIVES

The objective of the resolution is to authorize the Executive Director to enter into a contract for the demolition and replacement of the existing heating and domestic hot water boilers, pumps, accessories, controls, vents, and pipes located in the boiler room.

Work under this contract will generally include, but not be limited to, the following:

a. Site survey and verification of existing conditions.

b. Demolition and replacement of the existing heating and domestic hot water boilers, pumps, accessories, controls, and pipes.

c. Furnish and install all new equipment and accessories.

d. Provide new electrical panel in the boiler room from the garage area.

e. Provide heating and domestic hot water to the residential units at all times during construction.

PRESENT SITUATION

Mission Dolores is a San Francisco Housing Authority senior development with 92 units built in 1966. Honeywell installed the 10-year-old heating and domestic hot water boilers, storage tank, associated equipment and piping under an energy conservation contract with the Authority.
The boilers Honeywell furnished and installed are a unique type, requiring specially trained mechanics that are only available through a maintenance contract with an outside Mechanical Contractor, which is costly. Installation of the Authority's standard Larrs-Teleydine boilers will allow the Authority's Maintenance staff to maintain the boilers and equipment at a greatly reduced cost. In addition, replacement parts are not readily available for the current boilers and frequently take three to four months to obtain. The boilers and associated equipment need to be replaced immediately to assure continuous heat and hot water to the development's senior and disabled residents.

ANTICIPATED OUTCOMES

Replacement of the heating and domestic hot water boilers, storage tank, associated equipment, and piping will provide energy efficient, uninterrupted heating and hot water to the residents. The Authority's maintenance department will be able to maintain the systems. They will be relieved of the time and expense of employing an outside Contractor to jury rig the system while waiting for replacement parts to make repairs and restore full service to residents. Yum's Mechanical Co., Inc. will provide a two-year guarantee for materials and workmanship in compliance with Authority standards.

WHO BENEFITS

Public housing residents will benefit from improved living conditions with no interruptions in heating and hot water service. The energy efficiency of the new water heater system and the reduction in maintenance calls will result in substantial operating savings to the Authority. The capital improvements will benefit the Authority's real property assets and add to the longevity of the structures. The project will also provide employment for public housing residents under the resident hiring requirements. By hiring residents, Yum's Mechanical Co., Inc. is helping to create a pool of qualified residents for future work on similar Authority construction projects.

BUDGET CONSIDERATION

The Heating and Hot Water Boiler and Piping Replacement activity is funded in the Year 2003 Capital Fund Program budget. The low bid is twenty-one (21) percent less than the independent cost estimate and budgeted amount.

RESIDENT HIRING

Yum's Mechanical Co., Inc. is committed to exceeding the 25 percent resident hiring goal on this job. The contractor estimates that it will take about 650 hours to complete the project, of which a minimum 162.5 hours will be resident hire employment. They are pursuing one position for resident hiring.

MBE/WBE PARTICIPATION

Yum's Mechanical Co., Inc. is MBE firm and has achieved 100 percent MBE/WBE participation with its listed subcontractors and suppliers.

RECOMMENDATION

Yum's Mechanical Co., Inc. has submitted the lowest, responsive, and responsible bid. They are committed to exceed the 25 percent resident hiring requirement. Funding is available in the 2003 Capital Fund Program. Because boilers are in need of immediate replacement, staff urges adoption of this resolution authorizing the Executive Director to enter into a contract with Yum's Mechanical Co., Inc. for the boiler, pump, and pipe replacement work at Mission Dolores, in an amount not to exceed $187,000.

(Prepared by: Basil Nicolaou, Robert Dahlstrom and Barbara Smith)

RESOLUTION NO.
ADOPTED

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH YUM'S MECHANICAL CO., INC. FOR BOILER, PUMP, AND PIPE REPLACEMENT WORK AT CAL 18(13), MISSION DOLORES, IN AN AMOUNT NOT TO EXCEED $187,000

WHEREAS, The San Francisco Housing Authority publicly advertised Solicitation No. 04-620-IFB-025 for Boiler, Pump, and Pipe Replacement at CAL 1-18(13), Mission Dolores; and

WHEREAS, Yum's Mechanical Co., Inc. submitted the lowest responsive and responsible bid of $187,000 to provide for the Boiler, Pump, and Pipe Replacement work at CAL 1-18(13), Mission Dolores; and

WHEREAS, these services are necessary to protect the health and welfare of residents; and

WHEREAS, funding is available through the HUD 2003 Capital Fund Program; and

WHEREAS, the procurement process for those actions covered by this resolution meet the procurement standards of 24 CFR 85.36 "Procurement", HUD Handbook 7460.8 REV 1, "Procurement Handbook for Public Housing Agencies and Indian Housing Authorities", the San Francisco Housing Authority Procurement Policy Manual and State of California and local laws; and

WHEREAS, all additional relevant documents submitted by the low bidder have been reviewed and found to be in order; and

WHEREAS, Yum's Mechanical Co., Inc. will meet the Resident Hiring requirements.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSION OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO THAT:

1. The Executive Director is authorized to enter into a contract with Yum's Mechanical Co., Inc. for Boiler, Pump, and Pipe Replacement work at CAL 1-18(13), Mission Dolores, in an amount Not-To-Exceed $187,000.
2. This resolution shall take effect immediately.

APPROVED AS TO FORM AND LEGALITY:

Donna Mart
DONNA MARTIN, General Counsel

Date: 9-16-04

REVIEWED BY:

GREGG FORTNER, Executive Director

Date: 9/16/04

3

SAN FRANCISCO HOUSING AUTHORITY
440 Turk Street • San Francisco CA • 94112 • (415) 554-1200

TO: SAN FRANCISCO HOUSING AUTHORITY COMMISSIONERS

Julie Lee, President
George R. Brown, Vice President
Sululagi Palega, Sr., Commissioner
Betty J. Smith, Commissioner
Neola Gans, Commissioner
Rev. Amos Brown, Commissioner

FROM: GREGG FORTNER, SECRETARY / EXECUTIVE DIRECTOR

DATE: September 17, 2004

SUBJECT: RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO TWO SEPARATE TWO-YEAR CONTRACTS FOR $200,000 EACH, ONE WITH KODAMADISEÑO, AND ONE WITH THE KPA GROUP, TO PROVIDE ARCHITECTURAL SERVICES ON AN AS-NEEDED, TASK ASSIGNMENT BASIS FOR ALL DEVELOPMENTS IN A TOTAL AMOUNT NOT-TO-EXCEED $400,000 FOR THE TWO CONTRACTS

OVERVIEW

This Resolution will authorize the Executive Director to enter into contracts with the two highest-ranked architectural firms on an as-needed, task assignment basis for all developments over the next two years. These two contracts will provide the San Francisco Housing Authority (Authority) with architectural services for over $5 million in capital improvements from Capital Fund programs funds for 2004 and 2005 for operational fiscal years 2004 and 2005.

OBJECTIVE

The objective of this contract is to provide the Authority with competent professional, licensed architectural consultants to assess the need, design the solution, prepare construction documents for public bidding, and provide technical expertise to evaluate the contractor's construction and performance under the construction contracts.

The task assignment services may include the following:

Existing Facilities:

1. Provide field and office testing and investigations, evaluations, analysis and reports in writing;

2. Develop recommendations and cost estimates to provide corrective actions to any problems revealed in a particular portion of the work;

3. Prepare comprehensive construction documents for public bidding within an estimated construction cost;

4. Apply for and obtain building permits; or

5. Prepare comprehensive construction documents for construction work performed by the Authority's crafts people.

New Construction:

6. Provide Programming;

7. Prepare schematic designs, design developments, outline specifications, construction cost estimates;

8. Prepare comprehensive construction documents for public bidding within an estimated construction cost;

9. Apply for and obtain building permits; or

10. Prepare comprehensive construction documents for construction work performed by the Authority's crafts people.

General

11. Assist with clarifications during the bid process, evaluation of bids received process, contract award and pre-construction phases;

12. Assist the Authority's staff during the construction phase by providing construction administration support services such as clarifications, review of proposed contract changes, performing periodic site inspections, and conducting a final survey to determine if the work performed was in accordance with the project plans and specifications;

13. Attend meetings as required; and

14. Certain task assignments may require the Consultant to retain sub-consultants acceptable to the Authority, or to manage or coordinate with the Authority’s other engineering consultants.

PROCUREMENT

The procurement process for the action covered by this Resolution meets the procurement standards of 24 CFR 85.36 “Procurement”, HUD Handbook 7460.8 REV 1, “Procurement Handbook for Public Housing Agencies and Indian Housing Authorities”, the San Francisco Housing Authority Procurement Policy Manual and the State of California and local laws.

The Authority and all public agencies in California are required by State and Federal law to select architects on the basis of qualifications in the form of a Request for Qualifications (RFQ). The highest-ranked firm is selected, subject to the negotiation of fair and reasonable compensation. If agreement cannot be reached, the Authority will negotiate with the next highest-ranked firm, and so on until a fair and reasonable price is obtained.

Solicitation Process

Pre-approval of this RFQ document and process was obtained from Authority management prior to advertisement. The Housing Development and Modernization Department (HD&M) developed this specific RFQ document based on the Authority’s master documents prepared by the Procurement and Contracts Department, which also reviewed and approved the RFQ documents

Solicitation 04-620-RFQ-029 was issued on July 12, 2004. Announcement of the RFQ was made to the City Outreach Services and was put on the web sites for the Authority, the City, and the Small Business Administration. The notice of the RFQ was published in the San Francisco Chronicle/Examiner, Daily Pacific Builder, Sing Tao Daily, and the San Francisco Bay View. Announcements were faxed and e-mailed directly to over 100 prospective professionals firms, including 53 MBE/WBE firms from the San Francisco Human Rights Commission list, 47 firms from the Contractors Blue Book, and all firms that had responded to prior RFQs.

Eleven Statements of Qualifications were received on the August 10, 2004 due date.

Evaluation Process

In conformance with the Authority’s Procurement Procedures Manual, the Evaluation Panel individually reviewed the written Statements of Qualifications. At the same time, staff checked the references provided by each firm and provided the results to the Evaluation Panel members. Then, the Evaluation Panel invited the five highest-ranked firms for oral interviews. After the interviews, the Evaluation Panel prepared a final evaluation and scoring to select the two firms with the highest-ranked qualifications.

Evaluation Criteria

Listed below are the evaluation criteria and their relative weight. Described in italics are the reasons for the different criteria. The evaluation criteria are based on the Authority’s standards for Request for Qualifications questions and weighting contained in the Authority’s Procurement Procedures Manual. The Director of the Contract/Procurement Division approved the criteria and weighting given to each.

No.	CRITERIA & REASON	WEIGHT
A	Criterion: Qualifications. *This allows evaluation of the firm's technical expertise as measured by the quantity and type of work performed by the firm and its years in business.*	20 points
B	Criterion: Staff Profiles. *This provides insight into the quality of the staff as measured by their professional degrees, licenses and experience with the type of work required by this contract. The local staff size and their credentials is a quantitative measure of their knowledge, and is indicative of their ability to respond quickly with qualified staff.*	20 points
C	Criterion: Understanding of the project. *This demonstrates the firm's familiarity with modernization and rehabilitation issues most frequently encountered with urban public housing in both family housing and mid-rise buildings. A firm with this experience is most capable of providing economical, efficient solutions to the Authority.*	40 points
D	Criterion: Approach to Project. *This item allows us to determine that the selected firm not only has office technical skills but also possesses sufficient field experience to effectively deal with field problems and contractor issues.*	15 points
E	Criterion: Affirmative Action. *This allows evaluation of the firm's commitment to MBE/WBE participation and analysis of its detailed plan for hiring and training Authority residents.*	5 points
	Total	100 points

The following are the combined scoring results of the written proposals and the interviews:

EVALUATION PANEL SCORING	WRITTEN	INTERVIEW	TOTAL	RANK
KODAMADISEÑO	**287**	**275**	**562**	**1**
THE KPA GROUP	**257**	**269**	**526**	**2**
TECTONICS	**245**	**219**	**464**	**3**
DEL CAMPO & MARU	**250**	**210**	**460**	**4**
K2A ARCHITECTURE + INTERIORS	**277**	**161**	**438**	**5**
BARCELON & JANG	**222**	Not in the competitive range		
HAMILTON + AITKEN ARCHITECTS	**216**	Not in the competitive range		
FULL CIRCLE DESIGN GROUP	**149**	Not in the competitive range		
BAY ARCHITECTS ASSOCIATES	**143**	Not in the competitive range		
ASIAN NEIGHBORHOOD DESIGN	**104**	Not in the competitive range		
EDWARD J. GEE & ASSOCIATES	**89**	Not in the competitive range		

Evaluation Panel Conclusions

By their scoring and ranking, the Evaluation Panel determined that KodamaDiseño and The KPA Group were clearly the top-rated firms. Both firms have significant prior experience with public agencies and institutions, and have provided architectural services to other housing authorities. The reference checks on the firms produced no negative comments, and neither firm is on the federal Excluded Parties List.

KodamaDiseño is a local minority enterprise established in 1978, with a staff of 32 including 9 licensed architects and 18 architect interns. A substantial majority of its work involves low-income housing and rehabilitation, with emphasis on renovation with residents in place. KodamaDiseño has prior experience with the Authority in the early 1990's and has substantial recent experience with the Oakland and Richmond Housing Authorities. KodamaDiseño also possesses special expertise in accessibility compliance. The Evaluation Panel determined that KodamaDiseño provided an outstanding record of architectural successes in rehabilitating housing for low-income residents for public and non-profit organizations.

The KPA Group is a local firm of 20 professionals, which over the last 15 years has completed more than 1,000 assignments with a constructed value exceeding one billion dollars. The KPA Group has the current expiring contract for architectural services and also has a contract with the Authority for as-needed structural engineering services, both of which have been performed satisfactorily. Their portfolio includes designs and retrofits on multifamily housing developments. They have provided as-needed architectural services to the City of Oakland, the Port of Oakland, and Travis AFB in addition to the Authority. A multi-disciplinary firm with architects, structural engineers and civil engineers, The KPA Group is well qualified to design practical and cost-effective solutions to planned Authority undertakings.

Evaluation Panel Members
Chairperson: Architect, Housing Development and Modernization Department, Senior Project Manager. Selected for expertise in public housing design and construction, procurement, and consultant management.

Member: Manager of Central Maintenance, Public Housing Operations Department. Selected for expertise in public housing maintenance and modernization needs.

Member: Architect, Housing Development and Modernization Department, Senior Project Manager. Selected for expertise in public housing design and construction.

PRESENT SITUATION

The current architect consultant contract is expiring after successful completion of its term and assigned tasks. They provided design, construction documents and construction administration for 8 separate task assignments including waterproofing and roofing structural repairs at 430/440 Turk, exterior repairs at 4101 Noriega Street and 2206-2268 Great Highway, conversion of a residential unit to a Computer Learning Center at Alemany, an assessment of the Milton Meyer Gymnasium, and an emergency generator at 227 Bay Street. The FY04 and FY05 Capital Funds Program include numerous planned construction projects that require architectural services.

A sample of the planned capital work over for the next two years include operable window grilles and security fencing at several developments; exterior repairs at Westside Courts, 491 31st Avenue, and 200 Randolph; roof drainage repairs at several developments; and accessibility upgrade for various developments. The Authority also needs to have consultants under contract in order to be able to react quickly to any emergency situations that may arise.

ANTICIPATED OUTCOMES

If this contract is approved the anticipated outcomes are:

- The Authority will receive quality architectural services for the Capital Fund Program.
- The Authority will be able to comply with all Federal, State and City Codes and Regulations.
- The Authority will provide a safer and efficient service to residents.
- Residents will have opportunity for training and employment.

WHO BENEFITS

Residents benefit from having appropriate architectural services for all contracted and in-house construction work. Inadequately designed or constructed improvements can be detrimental to the health and well being of residents. Poorly designed capital improvements also run the risk of code violations. Residents also benefit by the Authority's ability to respond quickly to emergency situations.

BUDGET CONSIDERATIONS

Funding for this planned contract is immediately available within the FY2003 Capital Fund Program. The Authority and all public agencies in California are required by State and Federal law to select engineering consultants on the basis of qualifications in the form of a Request for Qualifications (RFQ). After the most-qualified firm is selected, the hourly billing rates and reimbursable expenses are negotiated. The Authority negotiated the hourly billing rates described in Attachment A, which are consistent with the hourly rates the Authority has paid for architects in the past.

The service term for this contract will be for the Authority's fiscal years 2004 and 2005. The contract time will be two years, or less if there is an increase in the volume of Capital Fund work and the consultant completes all assigned tasks.

RESIDENT EMPLOYMENT

Both KodamaDiseño and The KPA Group have agreed to hire public housing residents to meet or exceed the 25% requirement established by Commission Resolution No. 4967 for non-construction contracts that exceed $50,000. Each firm will be required to provide over 450 hours of employment for Authority residents. Each firm has contacted the Authority's resident hiring specialist to seek out and interview qualified Authority residents for a 12-week Summer Intern Program. The program is intended for community college students interested in architecture, and would provide the following opportunities in each firm's offices:

- Learn how an architecture firm works, from marketing for a project to substantial completion of construction
- Learn computer drafting skills / applications (CAD)
- Apply CAD skills on actual design projects
- Sit in on meetings with clients
- Assist with design project documentation and administrative tasks
- Accompany staff to construction sites

MBE/WBE STATUS

KodamaDiseño is a local minority business enterprise: The KPA Group is not. Both firms have a diverse workforce and have provided an Affirmative Action Acknowledgement form that meets the requirements of Executive Order 11246.

RECOMMENDATION

Staff recommends approval of this Resolution.

(Prepared by Barbara Smith and Steve Haines, Housing Development and Modernization Department)

RESOLUTION NO. 5183
DATE ADOPTED: 9/23/04

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO TWO SEPARATE TWO-YEAR CONTRACTS FOR $200,000 EACH, ONE WITH KODAMADISEÑO, AND ONE WITH THE KPA GROUP, TO PROVIDE ARCHITECTURAL SERVICES ON AN AS-NEEDED, TASK ASSIGNMENT BASIS FOR ALL DEVELOPMENTS IN A TOTAL AMOUNT NOT-TO-EXCEED $400,000 FOR THE TWO CONTRACTS

WHEREAS, the San Francisco Housing Authority (Authority) requires architectural consultants who can provide architectural services on an as-needed, task assignment basis; and

WHEREAS, the contract with the current architectural consultant is almost completed; and

WHEREAS, the Authority has programmed capital work funded with the FY 2004 and FY 2005 Capital Fund Programs which will require architectural design and construction administration services; and

WHEREAS, KodamaDiseño and The KPA Group have been selected through the Request for Qualifications process as the two most advantageous qualified firms for this work; and

WHEREAS, funding is available within the FY 2003 Capital Fund Program budget; and

WHEREAS, the procurement process for this contract meets the procurement standards of 24 CFR 85.36 “Procurement”, HUD Handbook 7460.8 REV 1 “Procurement Handbook for Public Housing Agencies and Indian Housing Authorities”, the San Francisco Housing Authority Procurement Policy Manual and the State of California and local laws.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSION OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO THAT:

1. The Executive Director is authorized to enter into two separate two-year contracts for $200,000 each, one with KodamaDiseño and one with The KPA Group, to provide Architectural Services on an as-needed, task assignment basis for all developments in a total amount not-to-exceed $400,000 for the two contracts.

2. This Resolution shall take effect immediately.

APPROVED AS TO FORM AND LEGALITY:

Donna Mart
DONNA MARTIN, General Counsel

Date: 9/16/04

REVIEWED BY:

GREGG FORTNER, Executive Director

Date: 9/16/04

SAN FRANCISCO HOUSING AUTHORITY
440 TURK STREET • SAN FRANCISCO • CALIFORNIA • 94102 • (415) 554-1200

CERTIFICATE

I, George R. Brown, duly elected Vice President of the Board of Commissioners of the Housing Authority of the City and County of San Francisco, do hereby certify that the following was adopted at the Regular Meeting of the Commission held on September 23, 2004:

RESOLUTION NO. 5183

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO TWO SEPARATE TWO-YEAR CONTRACTS FOR $200,000 EACH, ONE WITH KODAMADISEÑO, AND ONE WITH THE KPA GROUP, TO PROVIDE ARCHITECTURAL SERVICES ON AN AS-NEEDED, TASK ASSIGNMENT BASIS FOR ALL DEVELOPMENTS IN A TOTAL AMOUNT NOT-TO-EXCEED $400,000 FOR THE TWO CONTRACTS

Attached is a true and correct copy of the Resolution as adopted at the said meeting, on file and on record as adopted by the following vote of the Members:

FOR ADOPTION:	**AGAINST ADOPTION:**
George R. Brown	
Sululagi Palega, Sr.	
Betty J. Smith	
Neola Gans	
Amos Brown	

ABSENT (EXCUSED):
Julie Lee

IN TESTIMONY, WHEREOF, I have hereto set my hand and seal of said Authority this date: November 18, 2004.

George R Brown
George R. Brown, Vice President
SFHA Commission

C

SAN FRANCISCO HOUSING AUTHORITY
440 TURK STREET• SAN FRANCISCO, CALIFORNIA • 94102 • (415) 554 -1200

DATE: September 23, 2004

TO: San Francisco Housing Authority Commissioners

Julie Lee, President
George R. Brown, Vice-President
Sululagi Palega, Sr., Commissioner
Betty J. Smith, Commissioner
Neola Gans, Commissioner
Rev. Amos Brown, Commissioner

FROM: Gregg Fortner, Secretary/Executive Director

SUBJECT: **RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A ONE-YEAR CONTRACT WITH A-B COMMUNICATIONS TO PROVIDE AFTER-HOURS EMERGENCY CALL AND DISPATCH SYSTEM SERVICES AT THE SAN FRANCISCO HOUSING AUTHORITY DEVELOPMENTS IN AN AMOUNT NOT TO EXCEED $100,000.00**

OVERVIEW

The San Francisco Housing Authority delivers emergency maintenance services 24 hours a day, seven days a week, including SFHA observed holidays. All calls received after normal business hours, weekends, and holidays are logged by an answering service. These calls are then communicated to the Duty Officer, an employee of the SFHA, whose function is to dispatch appropriate craft personnel to abate any emergency conditions reported by the answering service.

Emergency is defined as a condition that threatens the life and safety of the SFHA residents or that endangers the integrity of SFHA assets. Emergency Calls received after hours, on weekends and holidays are normally initiated by our residents. The answering service receives the calls and relays them to the Duty Officer. This practice is duplicative and results in additional financial costs to the Authority.

Maintenance staff analyzed the process and flow of information that occur after normal business hours to determine the cost effectiveness and overall value of the Duty Officer classification. Based on several discussions, as well as management maintenance staff performing Duty Officer functions several times during the study, it was unanimously decided that the Duty Officer classification is duplicative and does not provide significant impact on the after-hour maintenance operation. It is, therefore, recommended that the answering service dispatch directly to appropriate staff rather than routing the information to the Duty Officer. The answering service will record all calls received during the shift, record all dispatches made during the shift, and fax information received in all urgent calls requiring immediate work to be performed to the Maintenance Department at the end of the shift. This will allow maintenance staff to prioritize urgent calls received by the answering service and collect all overtime and payroll information during the after-hour shift without the need for the Duty Officer classification.

OBJECTIVE

The objective of the contract is to ensure that all after-hour emergency calls are documented, prioritized, and dispatched to appropriate craftsperson, in a timely and cost effective fashion.

PRESENT SITUATION

At present, the after-hour emergency calls are received by A-B Communications and are then forwarded to a Duty Officer. Based on a short list of pre-determined emergency conditions, the Duty Officer logs and determines if an appropriate craftsperson needs to be dispatched to the site to abate the emergency. The presence of a Duty Officer makes the process duplicative and imposes an unnecessary financial drain on the Authority. A-B Communications has been in contract with the San Francisco Housing Authority for the last eighteen years. The after-hours coverage is from 5:00PM to 8:00AM on weeknights, from 5:00PM Friday night to 8:00AM Monday morning and 24 hours on all observed San Francisco Housing Authority holidays.

PROCUREMENT PROCEDURE

The Authority issued Solicitation No.04-370-RFP-042 on May 28,2004. The procurement process for the action covered by this resolution meets the procurement standards of 24 CFR 85.36 “Procurement”, HUD Handbook 7460.8 REV 1, “ Procurement Handbook for Public Housing Agencies and Indian Housing Authorities”, the San Francisco Housing Authority Procurement Policy Manual, and local laws.

The Authority advertised for bidders and outreached to potential bidders as follows:
The solicitation was advertised on the San Francisco Housing Authority website and the City of San Francisco Contract Administration Bids and Contracts Database website. Additionally, invitations to submit a proposal were emailed to a list of vendors specializing in the services indicated in the Request for Proposal. This list was obtained from the Small Business Administration’s database.

June 25,2004 was the closing date of the solicitation with one responsive submission, A-B Communications. The proposal was evaluated by representatives of the Housing Authority’s Maintenance Unit, and was determined to meet the requirements of the proposal as well as the needs of the Authority.

A-B Communications past performance capabilities and responsibilities have been demonstrated through its prior service with the San Francisco Housing Authority.

ANTICIPATED OUTCOME

With the short list of pre-determined emergency conditions, A-B Communications would receive, document, prioritize and dispatch calls as needed to each appropriate craft in a faster and more efficient manner. All non-emergency requests will be forwarded to Maintenance and will be assigned to each respective craft the next business day. Moreover, the Agency will save approximately $150,000.00 in salary by eliminating the Duty Officer classification.

WHO BENEFITS

The residents will be better served by simplifying the operations, thus having a faster response time for after-hour emergency calls. The agency benefits by accomplishing its goals within the limited funding and available resources.

BUDGET CONSIDERATIONS

This contract amount is part of the 2004-2005 operating fund.

RESIDENT EMPLOYMENT

The local office of A-B Communications is located in Novato in Northern California, and the rest of its satellite offices are located all over the United States. Staff is exploring resident employment opportunities with the contractor.

MBE/WBE STATUS

A-B Communications does not meet the MBE/ WBE requirement for the Authority.

RECOMMENDATION

I recommend that the attached Resolution be approved, authorizing the Executive Director to execute a one-year contract with A-B Communications to provide After-Hour Emergency Call System and Dispatch Services, and Emergency Elevator Monitoring Services to the San Francisco Housing Authority in an amount not to exceed $100,000.00

RESOLUTION NO: 5184

DATE ADOPTED: 9/23/04

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A ONE-YEAR CONTRACT WITH A-B COMMUNICATIONS COMPANY TO PROVIDE AFTER-HOURS EMERGENCY CALL AND DISPATCH SYSTEM SERVICES AT THE SAN FRANCISCO HOUSING AUTHORITY DEVELOPMENTS IN AN AMOUNT NOT TO EXCEED $100,000.00.

WHEREAS, the Authority solicited bids from qualified companies to provide after-hours emergency call system services,

WHEREAS, the Authority advertised in the San Francisco Housing Authority and the San Francisco Contract Administration Bids and Contract Database, on May28, 2004, and mailed solicitations to eight firms.

WHEREAS, the one company submitting a proposal in response to the solicitation was A-B Communications Company;

WHEREAS, the proposals were reviewed and evaluated by a three-member panel,

WHEREAS, the agency determined that A-B Communications Company to be competent and cost-effective,

WHEREAS, the procurement process for those actions covered by this Resolution meets the procurement standards of 24 CFR 85.36 “Procurement”' HUD Handbook 7460.8 REV 1, “Procurement Handbook for Public Housing Agencies and Indian Housing Agencies”' the San Francisco Housing Authority Procurement Policy Manual, and State of California and local laws,

NOW, THEREFORE BE IT RESOLVED BY THE COMMISSION OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO THAT:

1. The Executive Director is authorized to enter into a one-year Agreement with AB Communications Company in an amount not to exceed one hundred thousand dollars (100,000.00).

2. This Resolution shall take effect immediately.

APPROVED AS TO FORM AND LEGALITY:

Donna Mart

Donna Martin, General Counsel

9-16-04

Date

REVIEWED BY:

Gregg Fortner, Executive Director

9/16/04

Date

SAN FRANCISCO HOUSING AUTHORITY
440 TURK STREET • SAN FRANCISCO • CALIFORNIA • 94102 • (415) 554-1200

CERTIFICATE

I, George R. Brown, duly elected Vice President of the Board of Commissioners of the Housing Authority of the City and County of San Francisco, do hereby certify that the following was adopted at the Regular Meeting of the Commission held on September 23, 2004:

RESOLUTION NO. 5184

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A ONE-YEAR CONTRACT WITH A-B COMMUNICATIONS COMPANY TO PROVIDE AFTER-HOURS EMERGENCY CALL SYSTEM SERVICES AT THE SAN FRANCISCO HOUSING AUTHORITY DEVELOPMENTS IN AN AMOUNT NOT TO EXCEED $100,000.00

Attached is a true and correct copy of the Resolution as adopted at the said meeting, on file and on record as adopted by the following vote of the Members:

FOR ADOPTION:
- George R. Brown
- Sululagi Palega, Sr.
- Betty J. Smith
- Neola Gans
- Amos Brown

AGAINST ADOPTION:

ABSENT (EXCUSED):
- Julie Lee

IN TESTIMONY, WHEREOF, I have hereto set my hand and seal of said Authority this date: November 18, 2004.

George R Brown

George R. Brown, Vice President
SFHA Commission

SAN FRANCISCO HOUSING AUTHORITY
440 Turk Street • San Francisco CA • 94102 • (415) 554-1200

NOTICE

A SPECIAL MEETING OF THE
SAN FRANCISCO HOUSING AUTHORITY COMMISSION
WILL BE HELD ON **THURSDAY, OCTOBER 7, 2004 AT 4:00 P.M.**
AT 440 TURK STREET, SAN FRANCISCO, CALIFORNIA, 94102

AGENDA
October 7, 2004

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1. ROLL CALL

   George R. Brown, President
   Betty J. Smith, Vice President
   Sululagi Palega, Sr., Commissioner
   Julie Lee, Commissioner
   Neola Gans, Commissioner
   Rev. Amos Brown, Commissioner

2. APPROVAL OF AGENDA

3. PUBLIC COMMENTS ON AGENDA ITEMS: LIMITED TO 2 MINUTES

   NOTE: *The public will have the opportunity to comment on agenda items prior to any action taken by the Commission pursuant to the San Francisco Housing Authority Rules Governing Public Testimony adopted 2/23/95 as Resolution No. 4423. Prior to adjournment the public will have the opportunity to comment on items not on the agenda.*

4. NEW BUSINESS

   (A) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH YUM'S MECHANICAL CO., INC. FOR EMERGENCY BOILER, PUMP, AND PIPE REPLACEMENT WORK AT CAL 18(13), MISSION DOLORES, IN AN AMOUNT NOT TO EXCEED $187,000.00

5. PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA

6. ADJOURNMENT

GREGG FORTNER, Secretary/Executive Director

SAN FRANCISCO HOUSING AUTHORITY
440 Turk Street • San Francisco CA • 94112 • (415) 554-1200

DATE: October 7, 2004

TO: SAN FRANCISCO HOUSING AUTHORITY COMMISSIONERS

George R. Brown, President
Betty J. Smith, Vice President
Sululagi Palega, Sr., Commissioner
Julie Lee, Commissioner
Neola Gans, Commissioner
Rev. Amos Brown, Commissioner

FROM: Gregg Fortner, Secretary/Executive Director

SUBJECT: **RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH YUM'S MECHANICAL CO., INC. FOR EMERGENCY BOILER, PUMP, AND PIPE REPLACEMENT WORK AT CAL 1-18(13), MISSION DOLORES, IN AN AMOUNT NOT TO EXCEED $187,000**

OVERVIEW

This resolution authorizes the Executive Director to enter into a contract with Yum's Mechanical Co., Inc. for emergency boiler, pump, and pipe replacement work at Mission Dolores, a senior development. The ten-story Mission Dolores building was constructed in 1966 with 92 senior and disabled dwelling units.

The residents are currently without heat. The two heating boilers have been out of service for over two weeks. Neither the Maintenance Department nor an outside contractor has been able to repair them. Replacement of the heating boilers is urgently needed to restore heat to residents.

The Domestic Hot Water System is ten years old, difficult and costly to repair. Replacement of the existing water heaters is also urgently needed to ensure uninterrupted hot water to senior and disabled residents. Unless the water heaters are replaced, the availability of continuous hot water cannot be assured.

PROCUREMENT

The Authority issued Solicitation No. 04-620-IFB-025 on July 12, 2004, following review and approval of the solicitation by the Finance and Procurement & Contracts (Procurement)

Departments. The procurement process for the action covered by this resolution meets the procurement standards of 24 CFR 85.36 “Procurement”, HUD Handbook 7460.8 REV 1, “Procurement Handbook for Public Housing Agencies and Indian Housing Authorities”, the San Francisco Housing Authority Procurement Policy Manual, and the State of California, and local laws.

The Housing Development & Modernization Department (HD&Mod) developed the Invitation for Bid documents, Plans, and Specifications based on master procurement documents furnished by Procurement and construction documents (drawings and technical specifications) furnished by the Authority’s Mechanical Engineering consultant, Mechanical Solutions. The documents were reviewed and approved by Procurement prior to the start of the bid process.

The Authority advertised for bidders and outreached to potential bidders as follows:

Past Bidders List, Contractors Blue Book & Yellow Pages: The Authority e-mailed, faxed or mailed its Invitation for Bid advertisement to sixty-one (61) individual contractors from the Authority’s Past Bidders List, the Contractors Blue Book and Telephone Directory Yellow Pages.

HRC: The Authority e-mailed, faxed or mailed its Invitation for Bid advertisement to four (6) MBE/WBE contractor listed by the San Francisco Human Rights Commission.

Labor Unions: The Authority mailed its Invitation for Bid Documents, Plans & Specifications to the San Francisco Buildings Trade Council, and Plumbers Union Local 38. Following the bid walk, staff contacted the Plumbers Union Local 38 Business Agent several times to enlist his support in encourage more bidders.

Newspapers: The Authority publicly advertised its Invitation for Bid advertisement in the following newspapers:
Daily Pacific Builder, (trade publication)
San Francisco Bay View, (African American community)
World Journal, (Asian American Community)

Additional Newspapers: The Authority e-mailed its Invitation for Bid advertisement to the San Francisco Board of Supervisors office who placed the advertisement in the following community newspapers:El Latino (Hispanic American community),

- El Reportero (Hispanic American community),
- Asian Week (Chinese American community),
- Chinese Times (Chinese American community),
- San Francisco Bay Times (Lesbian/Gay/Bi-sexual/Transgender community),
- San Francisco Spectrum (Lesbian/Gay/Bi-sexual/Transgender community).

Public Agency Websites: The Authority e-mailed its Invitation for Bid advertisement to the following agencies who placed the advertisement in their website bulletin boards:

- City and County of San Francisco (City Purchasing Department),
- California State Contracts Register (Office of Small Business Certification and Resources),
- Small Business Administration’s PRO-Net (Office of Government Contracting & Minority Enterprise Development).
- U.S. Department of Commerce’s BIDNET (Minority Business Development Agency)

Builders Exchanges: The Authority sent its Invitation for Bid Documents, Plans & Specifications to the following Builders Exchanges, where the documents are available to Contractors for review and bid preparation:San Francisco Builders Exchange,

- Peninsula Builders Exchange,
- Builders Exchange of Alameda County,
- Santa Clara Builders Exchange,
- Contra Costa Builders Exchange,
- BV2HP Builders Exchange,
- MECA Builders Exchange (member base composed of small DBE, M/WBE firms),
- Marin Builders Exchange,
- Construction Data Plan Room,
- San Francisco Building and Construction Trade Council,
- Local Union 38, Plumbers Union,
- Local Union 6, International Brotherhood of Electrical Workers.

Five (5) potential bidders requested the Invitation for Bid documents, Plans and Specifications that were issued by HD&Mod. The on-site bid walk was conducted by HD&Mod on July 22, 2004. In attendance were five (5) contractors along with the Consultant, and Authority staff members from HD&Mod Department. Following the bid walk, staff contacted the Plumbers Union Local 38 Business Agent to enlist his support in encouraging more bidders.

BIDDER SELECTION PROCESS

On the closing date for the solicitation, August 5, 2004, the Authority received bids from five (5) responsive and responsible contractors. The bid documents were publicly opened and read aloud. The submittal documents were reviewed by HD&Mod and forwarded to Procurement for review and approval to prepare this resolution. The Contractors' bids are as follows:

BID PROPOSALS:

Bidder	Bid Proposal	25% Resident Hiring	Contractor MBE/ WBE	Sub Contractors	MBE/WBE Sub Contractor % Of Total Job	Total MBE/ WBE
Yum's Mechanical Co., Inc.	$187,000	Yes	Yes	One	63%	100%
Black Sea Corp.	$187,500	Yes	No	Two	0%	0%
Sonomarin, Inc.	$197,818	Yes	No	Three	20.7%	20.7%
Schram Construction	$238,900	Yes	No	One	0%	0%
Ayoob & Peery	$249,177	Yes	No	Four	0%	0%

Per HUD-5369 Instructions to Bidders, the contract award is based on the lowest, responsive, and responsible bidder. Based on the above, the lowest, responsive, and responsible bidder is Yum's Mechanical Co., Inc. Yum's Mechanical bid is twenty-one (21) percent lower than the cost estimate and budgeted amount. Upon request, Yum's Mechanical Co., Inc. reviewed their bid and informed Procurement that they stood by their bid.

According to the reference check on past projects performed by Yum's Mechanical Co., Inc., and their subcontractor, D&S Associates, Inc., the firms are responsible contractors with good records. They have both independently performed similar contracts for other public agencies and have a good history of minimizing contractor initiated change orders. A debarment check was made and shows that neither Yum's Mechanical Co., Inc. nor D&S Associates, Inc is debarred from Federal Procurement and Non-Procurement work.

OBJECTIVES

The objective of the resolution is to authorize the Executive Director to enter into a contract for the demolition and replacement of the existing heating and domestic hot water boilers, pumps, accessories, controls, vents, and pipes located in the boiler room.

Work under this contract will generally include, but not be limited to, the following:

a. Restoration of heat to residents at the earliest possible time.
b. Site survey and verification of existing conditions.
c. Demolition and replacement of the existing heating and domestic hot water boilers, pumps, accessories, controls, and pipes.
d. Furnish and install all new equipment and accessories.
e. Provide new electrical panel in the boiler room from the garage area.
f. Provide heating and domestic hot water to the residential units at all times during construction.

PRESENT SITUATION

The residents are currently without heat. The two heating boilers have been out of service for over two weeks. Neither the Maintenance Department nor an outside contractor has been able to repair them. Replacement of the heating boilers is urgently needed to restore heat to residents.

Replacement of the existing water heaters is also urgently needed to ensure uninterrupted hot water to senior and disabled residents. Unless the water heaters are replaced, the availability of continuous hot water cannot be assured.

Mission Dolores is a San Francisco Housing Authority senior development with 92 units built in 1966. Honeywell installed the 10-year-old heating and domestic hot water boilers, storage tank, associated equipment and piping under an energy conservation contract with the Authority. The boilers Honeywell furnished and installed are a unique type, requiring specially trained mechanics that are only available through a maintenance contract with an outside Mechanical Contractor. Now, even they have been unable to repair the boilers.

Installation of the Authority's standard Larrs-Teleydine boilers will allow the Authority's Maintenance staff to maintain the boilers and equipment at a greatly reduced cost. One new boiler is currently available from a distributor. The Contractor is prepared to immediately procure the boiler and temporarily connect it to restore heat to residents when authorized by the Authority.

ANTICIPATED OUTCOMES

The anticipate outcome is quick restoration of heat to residents. Following the emergency restoration of heat, and execution of a construction contract, the Contractor will proceed to install the boilers and water heaters as required by the Plans and Specifications.

Replacement of the heating and domestic hot water boilers, storage tank, associated equipment, and piping will provide energy efficient, uninterrupted heating and hot water to the residents. The Authority's maintenance department will be able to maintain the systems. They will be relieved of the time and expense of employing an outside Contractor to jury rig the system will waiting for replacement parts to make repairs and restore full service to residents. Yum's Mechanical Co., Inc. will provide a two-year guarantee for materials and workmanship in compliance with Authority standards.

WHO BENEFITS

Public housing residents will benefit from improved living conditions with no interruptions in heating and hot water service. The energy efficiency of the new water heater system, and the reduction in maintenance calls will result in substantial operating savings to the Authority. The capital improvements will benefit the Authority's real property assets and add to the longevity of the structures. The project will also provide employment for public housing residents under the resident hiring requirements. By hiring residents, Yum's Mechanical Co., Inc. is helping to create a pool of qualified residents for future work on similar Authority construction projects.

BUDGET CONSIDERATION

The Heating and Hot Water Boiler and Piping Replacement activity is funded in the Year 2003 Capital Fund Program budget. The low bid is twenty-one (21) percent less than the independent cost estimate and budgeted amount.

RESIDENT HIRING

Yum's Mechanical Co., Inc. is committed to exceeding the 25 percent resident hiring goal on this job. The contractor estimates that it will take about 650 hours to complete the project, of which a minimum 162.5 hours will be resident hire employment. Yum's Mechanical subcontractor, D&S Associates, Inc., is a member of Associated Builders and Contractors, Golden Gate Chapter, which sponsors a California State Department of Apprenticeship Standards' Certified apprenticeship program. D&S Associates is pursuing one resident hire for a plumber apprenticeship position.

MBE/WBE PARTICIPATION

Yum's Mechanical Co., Inc. is MBE firm and has achieved 100 percent MBE/WBE participation with its listed subcontractors and suppliers.

RECOMMENDATION

Yum's Mechanical Co., Inc. has submitted the lowest, responsive, and responsible bid. They are committed to exceed the 25 percent resident hiring requirement. Funding is available in the 2003 Capital Fund Program. Because boilers are in need of immediate replacement, staff urges adoption of this resolution authorizing the Executive Director to enter into a contract with Yum's Mechanical Co., Inc. for the emergency boiler, pump, and pipe replacement work at Mission Dolores, in an amount not to exceed $187,000.

(Prepared by: Basil Nicolaou, Robert Dahlstrom and Barbara Smith)

RESOLUTION NO. 5185
ADOPTED 10/07/04

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH YUM'S MECHANICAL CO., INC. FOR EMERGENCY BOILER, PUMP, AND PIPE REPLACEMENT WORK AT CAL 18(13), MISSION DOLORES, IN AN AMOUNT NOT TO EXCEED $187,000 CAL 1-18 [AS AMENDED]

WHEREAS, The San Francisco Housing Authority publicly advertised Solicitation No. 04-620-IFB-025 for Boiler, Pump, and Pipe Replacement at CAL 1-18(13), Mission Dolores; and

WHEREAS, Yum's Mechanical Co., Inc. submitted the lowest responsive and responsible bid of $187,000 to provide for the Boiler, Pump, and Pipe Replacement work at CAL 1-18(13), Mission Dolores; and

WHEREAS, the residents are currently without heat; and

WHEREAS, these services are necessary to protect the health and welfare of residents; and

WHEREAS, funding is available through the HUD 2003 Capital Fund Program; and

WHEREAS, the procurement process for those actions covered by this resolution meet the procurement standards of 24 CFR 85.36 "Procurement", HUD Handbook 7460.8 REV 1, "Procurement Handbook for Public Housing Agencies and Indian Housing Authorities", the San Francisco Housing Authority Procurement Policy Manual and State of California and local laws; and

WHEREAS, all additional relevant documents submitted by the low bidder have been reviewed and found to be in order; and

WHEREAS, Yum's Mechanical Co., Inc. will meet the Resident Hiring requirements.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSION OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO THAT:

1. The Executive Director is authorized to enter into a contract with Yum's Mechanical Co., Inc. for emergency Boiler, Pump, and Pipe Replacement work at CAL 1-18(13), Mission Dolores, in an amount Not-To-Exceed $187,000.
2. This resolution shall take effect immediately.

APPROVED AS TO FORM AND LEGALITY: **REVIEWED BY:**

Donna Martin
DONNA MARTIN, General Counsel

Date: 10.06.04

GREGG FORTNER, Executive Director

Date: 10/6/04

SAN FRANCISCO HOUSING AUTHORITY

440 TURK STREET • SAN FRANCISCO • CALIFORNIA • 94102 • (415) 554-1200

CERTIFICATE

I, George R. Brown, duly elected President of the Board of Commissioners of the Housing Authority of the City and County of San Francisco, do hereby certify that the following was adopted at the Special Meeting of the Commission held on October 7, 2004:

RESOLUTION NO. 5185

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH YUM'S MECHANICAL CO., INC. FOR EMERGENCY BOILER, PUMP, AND PIPE REPLACEMENT WORK AT CAL 1-18(13), MISSION DOLORES, IN AN AMOUNT NOT TO EXCEED $187,000.00 **[AS AMENDED]**

Attached is a true and correct copy of the Resolution as adopted at the said meeting, on file and on record as adopted by the following vote of the Members:

FOR ADOPTION:	**AGAINST ADOPTION:**
George R. Brown	Sululagi Palega, Sr.
Julie Lee	
Betty J. Smith	
Neola Gans	
Amos Brown	

ABSENT (EXCUSED):

IN TESTIMONY, WHEREOF, I have hereto set my hand and seal of said Authority this date: November 18, 2004.

George R Brown

George R. Brown, President
SFHA Commission

HOUSING AUTHORITY
OF THE
CITY AND COUNTY OF SAN FRANCISCO

Minutes of Special Meeting
Thursday, October 7, 2004

440 Turk Street
San Francisco, California

The Housing Authority of the City and County of San Francisco met in a special scheduled meeting at 440 Turk Street, San Francisco, California on Thursday, October 7, 2004, at 4:00 p.m.

Vice President Brown called the meeting to order at 4:09 p.m.

1. ROLL CALL

Roll call found the following members to be:

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PRESENT:
George R. Brown, President
Betty J. Smith, Vice President
Sululagi Palega Sr., Commissioner
Julie Lee, Commissioner
Neola Gans, Commissioner
Rev. Amos Brown, Commissioner

A quorum was present.

ALSO PRESENT:
Mr. Gregg Fortner, Executive Director
Ms. Donna Martin, Agency Counsel

2. APPROVAL OF AGENDA

Vice President Smith moved to approve the agenda. Commissioner Brown seconded the motion. The motion to approve the agenda was unanimously passed.

3. PUBLIC COMMENTS ON AGENDA ITEMS: LIMITED TO 2 MINUTES

NOTE: *The public will have the opportunity to comment on agenda items prior to any action taken by the Commission pursuant to the San Francisco Housing Authority Rules Governing Public Testimony adopted 2/23/95 as Resolution No. 4423. Prior to adjournment, after Item No. 11, the public will have the opportunity to comment on items not on the agenda.*

There were no public comments on agenda items.

4. NEW BUSINESS

Resolution No. 5185

(A) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH YUM'S MECHANICAL CO., INC. FOR EMERGENCY BOILER, PUMP, AND PIPE REPLACEMENT WORK AT CAL **1**-18(13), MISSION DOLORES, IN AN AMOUNT NOT TO EXCEED $187,000.00 **[AS AMENDED]**

Barbara Smith, Administrator of Housing Development and Modernization explained the resolution. Ms. Smith stated that staff is requesting approval of the resolution as an emergency situation. Since the September 23, 2004, Commission Meeting, the boilers are completely down and the residents are without heat. The residents have been calling City Hall and the SFHA to remedy the situation. Ms. Smith stated that the boiler system is completely beyond repair. Maintenance and outside contractors have not been able to repair the system. The third boiler provides domestic hot water and is damaged, but still working. The contract would restore heat to the residents at the earliest possible time. The contractor had already located a boiler that meets SFHA specifications and standards. If the contract were issued, the contractor would be willing to install it as early as Monday, October 11, 2004, on a temporary basis. During the entire replacement process, the residents would have heat and hot water. Ms. Smith stated that the work included plumbing, sheet metal work, and electrical equipment controls and pumps. The contract is for five months, but the work actually takes about one month to complete. The first month of the contract is the contractor's confirmation of the existing conditions. The contractor would then prepare submittals to the A&E firms that developed the specifications for approval of the intended work, and them permits are obtained. Ms. Smith stated that the equipment is procured next. Two additional boilers and all related equipment must be obtained. This process is expected to take six to eight weeks. After the procurement process, it would take about one month to replace the existing equipment. The last month is reserved for unforeseen conditions, should any arise.

Ms. Smith reported that the resident would be working during the installation of the boilers. The total project is expected to take 650 hours and a minimum 162.5 would be allocated to the resident hire. The subcontractor is seeking a resident plumbing apprentice with the help of Joyce Armstrong. Yum's Mechanical is a member of the Associated Builders and Contractors Association (ABC). ABC provides evening training once a week and this would be available to the resident at no charge. The subcontractor had agreed to employ the resident as long as they have work and the resident remains interested and willing.

Mr. Fortner stated that the resolution should be amended to read 1-18(13) as opposed to 18(13).

Commissioner Brown asked if the newspapers the SFHA advertises in are free or considered throw away newspapers. Ms. Smith stated that most of the newspapers are all neighborhood newspapers and are free. However the *Daily Pacific Builder* is a trade publication. Commissioner Brown asked that the SFHA be more inclusive in its advertisements and suggested adding the *Sun Reporter* to the list. Commissioner Brown also brought attention to page five, listing the MBE/WBE participation at 100%. Commissioner Brown stated that his concern was of that 100%, what percent was African American. Ms. Smith answered that both the contractor and subcontractor were Asian owned firms. Ms. Smith added that staff would be happy to add any publications that were not included or were not aware of. Mr. Fortner added that the Sun Reporter would be added to all current and future procurement bids. Any other suggested publications would be gladly added to the list. Commissioner Palega requested the La Raza Times be added to the list.

Commissioner Palega stated that the Commissioners constantly hear about ABC, but never hear about any graduate information. Commissioner Palega wanted to know how many apprentices ABC graduates into journeymen, if it is a dead end situation, or is it contingent on the subcontractor's progress. Commissioner Palega wanted to know how many residents are given this opportunity. Ms. Smith responded that ABC has a complete training process for apprentices and quite a few contractors request their apprentices. Commissioner Palega stated that the last few contracts presented to the Commission involve ABC, but the number of graduating apprentices is unknown. Commissioner Palega also wanted to know if people of color are graduating from ABC and if SFHA residents are being served by this organization. Commissioner Palega requested a report on the status of residents involved with ABC under past contracts. Mr. Fortner stated that staff would organize a presentation from ABC to discuss and address the Commission's concerns within the next 30 days.

Vice President Smith expressed her concern for the seniors at Mission Dolores and worried that they would suffer if the Commission did not act quickly.

Vice President Smith moved to approve Resolution No. 5185. Commissioner Brown seconded the motion.

President Brown stated that he had another question before voting on the matter. President Brown asked for written verification of the contractor's involvement with ABC. Ms. Smith stated that they had the written verification, but it was not available at the moment. Ms. Smith apologized. Mr. Fortner asked Ms. Smith to explain the process of verifying a firm's involvement with ABC. Ms. Smith replied that the contractor must enroll with ABC and pay a fee. Staff verifies this by ABC's written notification. Commissioner Palega asked if this document is in all previous files where contractors were involved with the ABC program. Ms. Smith answered yes. Commissioner Palega asked if there was documentation on file detailing the accomplishments of participants in the ABC program when an SFHA contract was awarded. Mr. Fortner stated that this was a different issue than that of President Brown. President Brown stated that he hoped that in the future, this information would be included in the materials sent to the Commission.

Mr. Fortner asked Bob Dahlstrom to have the document faxed to 440 Turk Street to be distributed to the Commission.

Commissioner Palega requested information on the previous residents who participated in the ABC program detailing enrollments, graduates, what happens to them when SFHA contracts end as far as future employment is concerned. Mr. Fortner reiterated his intention to bring representatives from ABC to present to the Commission so that the benefits of their program could be clarified. Mr. Fortner also said that it might be possible to enter into a partnership with ABC where the residents could be involved without being under an SFHA contract. Rene Latosa stated that he would have ABC present the statistics of the residents involved in their program. Commissioner Palega reiterated his concerns for what happens to the residents' employment after the contract ends, and who is monitoring the program. Commissioner Palega stated that ABC seems to be a loophole that doesn't provide the same services after a contract ends as the local apprenticeships do. Commissioner Gans asked if ABC is the only apprentice program. Mr. Latosa answered that it is the only state approved apprenticeship program other than the local unions. Commissioner Palega commented that it is more difficult for a resident to be a part of ABC because they are statewide and a job offered in Sacramento would be difficult to maintain.

President Brown commented that the current boiler replacement work was in a state of emergency, but hopefully the other developments are being examined to ensure that they are replaced before it gets to this point. Ms. Smith responded that another boiler replacement resolution would be presented at the next Commission meeting. Ms. Smith explained that the procurement process is actually about 3 months, but over the past two weeks two of the boilers had went out.

Commissioner Palega asked if maintenance could repair them. Mr. Fortner asked Alex Chanco to address the question. Mr. Fortner also clarified that this situation became an emergency in the last two weeks after the boilers went completely out. Supervisor Duffy called and said that a number of the residents were uncomfortable due to the change in weather and lack of heat. Mr. Chanco explained the situation and said that staff was sent to repair the boilers, but could not. Ayoob and Perry, Ace Boiler, California Hydronics all attempted to repair the boiler and could not.

Commissioner Brown asked how often the boilers are evaluated. Mr. Chanco answered that they are evaluated annually and are put in a schedule to be replaced within the Five Year Annual Plan. Mr. Fortner explained the Five Year Plan process and how the funds are dispersed to the most necessary projects.

Commissioner Lee suggested installing electric heaters into the buildings because boilers are becoming obsolete and would soon become harder to replace, find parts and people to repair them. Mr. Fortner stated he agreed with Commissioner Lee, but the problem is the up front costs of accomplishing such a feat. Commissioner Lee stated that this would money over the long run. Mr. Chanco replied that the SFHA had considered this and had standardized all boiler replacements in order to have interchangeable parts to be able to maintain and repair the boilers.

President Brown stated that if the Commission requests documents to be presented at the meetings and they are not, he saw no reason for the meeting to proceed when their initial questions are not answered. Mr. Fortner apologized for staff not being prepared.

President Brown entertained the previous motion. The motion to approve Resolution No. 5185 passed by a majority vote. Commissioner Palega opposed.

5. PUBLIC COMMENTS ON ITEMS NOT ON AGENDA

There were no public comments on items not on the agenda.

6. ADJOURNMENT

There being no further business to come before the Commission Vice President Brown adjourned the regularly scheduled meeting of October 7, 2004 at 4.35 p.m.

Gregg Fortner, Secretary/Executive Director

George R Brown

George R. Brown, President

SAN FRANCISCO HOUSING AUTHORITY
440 Turk Street • San Francisco CA • 94102 • (415) 554-1200

Agenda

NOTICE

CANCELLATION OF OCTOBER 14, 2004 COMMISSION MEETING

THE REGULAR MEETING OF THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO, SCHEDULED FOR OCTOBER 14, 2004, HAS BEEN CANCELLED.

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GREGG FORTNER, SECRETARY/ EXECUTIVE DIRECTOR

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SAN FRANCISCO HOUSING AUTHORITY
440 Turk Street • San Francisco CA • 94102 • (415) 554-1200

NOTICE

THE REGULARLY SCHEDULED MEETING OF THE SAN FRANCISCO HOUSING AUTHORITY COMMISSION WILL BE HELD ON THURSDAY, OCTOBER 28, 2004 AT 4:00 P.M. AT 440 TURK STREET, SAN FRANCISCO, CALIFORNIA, 94102

AGENDA
October 28, 2004

DOCUMENTS DEPT.
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PUBLIC LIBRARY

1. ROLL CALL

   George R. Brown, President
   Betty J. Smith, Vice President
   Sululagi Palega, Sr., Commissioner
   Julie Lee, Commissioner
   Neola Gans, Commissioner
   Rev. Amos Brown, Commissioner

2. APPROVAL OF AGENDA

3. APPROVAL OF MINUTES

   - September 23, 2004 Commission Meeting
   - October 7, 2004 Special Commission Meeting

4. GENERAL COMMUNICATIONS

5. REPORT OF SECRETARY

   - ABC Apprenticeship Presentation

6. COMMITTEE REPORTS

Diversity Committee – Meeting of October 27, 2004
Finance Committee – Nothing to Report
Personnel Committee – Nothing to Report

7. REPORT OF AGENCY COUNSEL

8. TENANT REPRESENTATIVE REPORT:
City Wide Council - Senior/Disabled
Public Housing Tenants Association (PHTA)

9. PUBLIC COMMENTS ON AGENDA ITEMS: LIMITED TO 2 MINUTES

NOTE: *The public will have the opportunity to comment on agenda items prior to any action taken by the Commission pursuant to the San Francisco Housing Authority Rules Governing Public Testimony adopted 2/23/95 as Resolution No. 4423. Prior to adjournment, after Item No. 11, the public will have the opportunity to comment on items not on the agenda.*

10. UNFINISHED BUSINESS - NONE

11. NEW BUSINESS

(A) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH UNIGARD INSURANCE COMPANY FOR FLEET INSURANCE COVERAGE FOR 2004-2005 IN AN AMOUNT NOT TO EXCEED $219,712.00

(B) RESOLUTION APPROVING THE WRITE-OFF OF VACATED TENANT ACCOUNTS RECEIVABLE (TARs) IN THE AMOUNT OF $432,215.63 FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2004

(C) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A TWO-YEAR CONTRACT WITH GOLDFARB & LIPMAN TO PROVIDE REAL ESTATE LEGAL COUNSEL SERVICES ON AN AS-NEEDED, TASK ASSIGNMENT BASIS FOR ALL DEVELOPMENTS IN A TOTAL AMOUNT NOT-TO-EXCEED $200,000.00

(D) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE A SUBGRANT AGREEMENT WITH THE SFHA HOUSING CORPORATION FOR A GRANT OF $15,716,275.00 OF HOPE VI FUNDS, A REVITALIZATION SERVICES AGREEMENT WITH MISSION HOUSING DEVELOPMENT CORPORATION AND OTHER DOCUMENTS PERTAINING TO THE FINANCING OF VALENCIA GARDENS

(E) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH BEST ROOFING AND WATERPROOFING INC. FOR THE WINDOW AND EXTERIOR DOOR REPAIRS AT CAL 1-21, 320/330 CLEMENTINA STREET, IN AN AMOUNT NOT TO EXCEED $478,000.00

(F) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH AYOOB & PEERY PLUMBING CO., INC. FOR BOILER, PUMP, AND PIPE REPLACEMENT WORK AT CAL 1-18(6), PING YUEN NORTH, IN AN AMOUNT NOT TO EXCEED $246,600.00

(G) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH ELECTRONIC INNOVATION, INC. FOR THE ACCESSIBLE ENTRY SYSTEM REPLACEMENT WORK AT CAL 1-18(5), ROSA PARKS; CAL 1-18(10), 255 WOODSIDE GARDENS; CAL 1-27, 350 ELLIS STREET; CAL 1-36, 227 BAY STREET; CAL 1-37, 491 31st AVENUE; AND CAL 1-39A, 939 EDDY STREET, IN AN AMOUNT NOT TO EXCEED $82,178.00

(H) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO NEGOTIATE AND EXTEND THE EXISTING SECURITY CONTRACTS FOR PERIOD NOT TO EXCEED FOUR MONTHS FOR A SUM OF NOT TO EXCEED $490,000.00

12. PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA

13. COMMISSIONER'S COMMENT AND REPORT

14. ADJOURNMENT

GREGG FORTNER, Secretary/Executive Director

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SAN FRANCISCO HOUSING AUTHORITY
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TO: SAN FRANCISCO HOUSING AUTHORITY COMMISSIONERS

George R. Brown, President
Betty J. Smith, Vice President
Sululagi Palega, Sr., Commissioner
Julie Lee, Commissioner
Neola Gans, Commissioner
Rev. Amos Brown, Commissioner

FROM: GREGG FORTNER, SECRETARY/EXECUTIVE DIRECTOR

DATE: October 18, 2004

SUBJECT: RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH UNIGARD INSURANCE COMPANY FOR FLEET INSURANCE COVERAGE FOR 2004-2005 IN AN AMOUNT NOT TO EXCEED $219,712.00

OVERVIEW:

This resolution will authorize the Executive Director to enter into a one-year contract for fleet insurance coverage in an amount not to exceed $219,712.00. This contract will replace the expiring insuring agreement for fleet insurance required by the San Francisco Housing Authority ("the Authority").

The Authority maintains insurance on its fleet through an outside insurance company. The Authority's policy for 2003-2004 will expire on October 31, 2004.

On September 27, 2004, the Authority began the solicitation process. Notices were sent to twenty (20) brokerage firms advising that the Authority was engaging in the solicitation process for fleet insurance. Of the twenty firms that were notified, two (2) expressed an interest in the solicitation for coverage of the Authority's fleet.

Brown & Brown Insurance services and Housing Authority Risk Retention Group were the only firms to complete a solicitation:

A. Brown & Brown Insurance Services – Unigard

Unigard's quote provides coverage for 199 vehicles as listed on the most recent Fleet Schedule, at a price of $1,102.00 per vehicle with the following limits:

- Bodily Injury and/or Property Damage $1 million any one loss
- Collision - $1,000 deductible
- Comprehensive - $250 deductible
- Medical Payments – $5,000 any one loss
- **Total Premium – $219,712.00**

B. Housing Authority Risk Retention Group

Housing Authority Risk Retention Group's quote provides coverage for 199 vehicles as listed on the most recent Fleet Schedule:

- Bodily Injury and/or Property Damage $1 million any one loss
- Collision - $1,000 deductible
- Comprehensive - $250 deductible
- Medical Payments – $5,000 any one loss
- **Total Premium - $277, 568.00**

Upon review of the information submitted, it was determined that Unigard Insurance Company can provide the appropriate level of insurance coverage in a manner that is most advantageous to the Authority, cost and other factors considered.

OBJECTIVE:

The objective is to obtain coverage for all of the Authority's fleet for the 2004-2005, policy period.

PRESENT SITUATION:

Presently, Unigard Insurance Group provides coverage for the Authority's fleet. The annual premium for the expiring coverage is $249,642.00 with a $1,000 deductible for collision coverage and a $250.00 deductible for comprehensive coverage.

ANTICIPATED OUTCOME:

The anticipated outcome is to renew coverage that is most advantageous for the Authority for the 2004-2005, policy period.

BUDGET CONSIDERATIONS:

Last year the Authority, for the same type of coverage as detailed above, paid $249,642.00. Accordingly, the Authority is paying $29,930.00 less that it was last year for the same coverage.

Funding availability is part of the Authority's Low-Income Operating budget and the Section 8 budget for 2004-2005.

WHO BENEFITS:

Since, fleet insurance is required by law and it will cover the Authority for any liability stemming from the operation of its fleet, the Authority and its tenants benefit from full automobile insurance coverage.

RECOMMENDATION:

It is recommended that this resolution be adopted.

RESOLUTION NO.: 5186
DATE ADOPTED: 10/28/04

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH UNIGARD INSURANCE COMPANY FOR FLEET INSURANCE COVERAGE FOR 2004-2005 IN AN AMOUNT NOT TO EXCEED $219,712.00

WHEREAS, the Authority, in order to insure its interest against risks associated with the use and operation of its fleet, placed coverage with the Unigard Insurance Group by approval of Resolution No. 5121, dated October 9, 2003; and

WHEREAS, the Authority solicited for fleet insurance coverage to replace the policy that will expire on October 31, 2004; and

WHEREAS, the following insurance companies were approached and submitted the subsequent responses:

A. **Brown & Brown Insurance – Unigard –** Annual Premium - $219,712.00

B. **Housing Authority Risk Retention Group -** Annual Premium - $277,568.00

WHEREAS, a review of all of the information provided was completed and it was determined that it was in the best interest of the Authority to renew fleet insurance with Unigard Insurance Group; and

WHEREAS, funding for this service is available as part of the Authority's approved Low-Income Operating budget and Section 8 budget for 2004-2005;

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSION OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO THAT:

1. The Executive Director is authorized to bind coverage and provide funding for fleet insurance with Unigard Insurance Group in an amount not to exceed $219,712.00 for the 2004-2005 policy period.

2. This resolution shall take effect immediately.

APPROVED AS TO FORM AND LEGALITY:
Donna Mart
DONNA MARTIN, General Counsel
DATE: 10·22·04

REVIEWED BY:
GREGG FORTNER, Executive Director
DATE: 10/22/04

SAN FRANCISCO HOUSING AUTHORITY
440 TURK STREET • SAN FRANCISCO • CALIFORNIA • 94102 • (415) 554-1200

CERTIFICATE

I, George R. Brown, duly elected President of the Board of Commissioners of the Housing Authority of the City and County of San Francisco, do hereby certify that the following was adopted at the Regular Meeting of the Commission held on October 28, 2004:

RESOLUTION NO. 5186

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH UNIGARD INSURANCE COMPANY FOR FLEET INSURANCE COVERAGE FOR 2004-2005 IN AN AMOUNT NOT TO EXCEED $219,712.00

Attached is a true and correct copy of the Resolution as adopted at the said meeting, on file and on record as adopted by the following vote of the Members:

FOR ADOPTION:
George R. Brown
Sululagi Palega, Sr.
Betty J. Smith
Neola Gans
Amos Brown

AGAINST ADOPTION:

ABSENT (EXCUSED):
Julie Lee

IN TESTIMONY, WHEREOF, I have hereto set my hand and seal of said Authority this date: November 18, 2004.

George R Brown
George R. Brown, President
SFHA Commission

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SAN FRANCISCO HOUSING AUTHORITY

440 TURK STREET • SAN FRANCISCO, CALIFORNIA 94102 • (415) 554-1200

DATE: October 28, 2004

TO: **SAN FRANCISCO HOUSING AUTHORITY COMMISSION**

George R. Brown, President
Betty J. Smith, Vice President
Julie Lee, Commissioner
Sululagi Palega, Sr., Commissioner
Neola Gans, Commissioner
Rev. Amos Brown, Commissioner

FROM: Gregg Fortner, Secretary/Executive Director

SUBJECT: **RESOLUTION APPROVING THE WRITE-OFF OF VACATED TENANT ACCOUNTS RECEIVABLE (TARs) IN THE AMOUNT OF $432,215.63 FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2004**

OVERVIEW

The San Francisco Housing Authority Board of Commissioners is requested to authorize the write-off of vacated tenant accounts receivables (TARs) totaling $432,215.63 for the fiscal year period of October 1, 2003 to September 30, 2004 (FY 2004). This amount represents balances due from former tenants that have either been evicted, found other housing, have died, or have abandoned their units.

BACKGROUND

Pursuant to HUD Handbook 7511.1, Chapter 11, Section 1, the SFHA writes off vacated TARs where there has been no collection activity. These vacated TARs are balances owed to the SFHA for the non-payment of rent and/or other charges by households who are no longer living in a SFHA unit. Writing off such accounts does not preclude the SFHA from pursuing collection actions against the individuals. Efforts to collect these outstanding accounts continue to be a priority of the SFHA. Currently, the SFHA has established a working relationship with the City Treasurer's office for assistance in collecting these bad debts. Moreover, individuals who vacate without paying off their delinquent accounts are not qualified to receive public housing assistance in the future as long as balances are outstanding.

OBJECTIVE

The objective of writing off $432,215.63 in vacated TARs is to comply with the HUD guidelines and to follow generally accepted accounting principles (GAAP) for fiscal year-end recording and financial statement purposes.

PRESENT SITUATION

Once the Board of Commissioners approves this resolution, the Authority will be able to record the TARs write-off and meet the deadline date of November 30, 2004, to submit its unaudited financial statements to HUD.

ANTICIPATED OUTCOME

The anticipated outcome is that the SFHA will more accurately reflect the outstanding TARs balance for the new fiscal year, beginning October 1, 2004. The TARs is a summary of all existing accounts receivable for residents owing rent and other charges to the SFHA. Accounting practices require entities to carry over from one fiscal year to the next only those receivables that the entity is likely to collect. This TARs write-off reflects those accounts for persons who have vacated SFHA properties and that are not likely to be collected. As a result, the write-off will improve the Authority's Public Housing Assessments System (PHAS) score on Financial Condition-Tenant Accounts Receivables by reducing the number of days the receivables are outstanding. The Authority will score 4.07 points out of a maximum of 4.5 points. Without the write-off, the Authority would score 3.38 points.

WHO BENEFITS

This resolution benefits the Authority by ensuring compliance with the HUD and GAAP guidelines and by accurately reflecting the Tenant Receivables Outstanding for the PHAS score report.

BUDGET CONSIDERATIONS

The actual amount of Collection Losses of $432,215.63 for fiscal year 2004 decreased by $36,606 when compared to fiscal year 2003's write-off of $468,822. Funding for this write-off is available in the Low-Income Operating Program Budget.

RECOMMENDATION

It is recommended that the Board of Commissioners approve the attached resolution authorizing the write-off of vacated TARs in the amount of $432,215.63 for the fiscal year ended September 30, 2004.

RESOLUTION NO: 5187
ADOPTED: 10/28/04

RESOLUTION APROVING THE WRITE-OFF OF VACATED TENANT ACCOUNTS RECEIVABLES (TARs) IN THE AMOUNT OF $432,215.63 FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2004

WHEREAS, HUD Handbook 7511.1, Chapter 11, Section 1, details procedures on the write-off of vacated TARs and the San Francisco Housing Authority is in compliance with those procedures and is following generally accepted accounting principles for year-end recording and financial reporting purposes; and

WHEREAS, the HUD Handbook requires that any write-off of TARs must be approved by the Board of Commissioners or by a designated official to whom such authority has been delegated by the Board of Commissioners; and

WHEREAS, the Board of Commissioners is authorized by Resolution No. 2784, dated February 27, 1986, to write-off vacated tenant accounts.

NOW THEREFORE, BE IT RESOLVED BY THE COMMISSION OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO THAT:

1. The vacated TARs approved for write-off for the fiscal year ending September 30, 2004, shall be $432,215.63.
2. This Resolution shall take effect immediately.

APPROVED AS TO FORM AND LEGALITY:
Donna Martin
Donna Martin, General Counsel

Date: 10-22-04

REVIEWED BY:
Gregg Fortner, Executive Director

Date: 10/22/04

RESOLUTION - ROUTING SLIP

FOR COMMISSION MEETING OF: October 28, 2004

DATE Submitted to OGC: August 16, 2004 FROM: Finance Department

RESOLUTION APPROVING THE WRITE-OFF OF VACATED TENANT ACCOUNTS RECEIVABLE (TARs) IN THE AMOUNT OF $432,215.63 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2004

APPROVALS

1. FINANCE

David L. Esparza, Administrator

Date 10/18/04

6. OFFICE OF FAIR HOUSING

Belinda Morgan, Acting Deputy Administrator

Date

2. BUDGET

Signature

Date 10/19/04

$432,215.63

Dollar Amount

100 457000 000000 000 000

Account No.

3. PROCUREMENT

Rene Latosa, Deputy Department Administrator

Date

7. OTHER

Date

4. MANAGEMENT SERVICES & SUPPORT

Michael Roetzer, Administrator

Date

8. OFFICE OF GENERAL COUNSEL

Donna Mart

Donna Martin, General Counsel

Date 10-20-04

5. PUBLIC HOUSING OPERATIONS

Naja Boyd, Deputy Executive Director

Date

9. EXECUTIVE OFFICE

Gregg Fortner, Executive Director

Date

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CERTIFICATE

I, George R. Brown, duly elected President of the Board of Commissioners of the Housing Authority of the City and County of San Francisco, do hereby certify that the following was adopted at the Regular Meeting of the Commission held on October 28, 2004:

RESOLUTION NO. 5187

RESOLUTION APPROVING THE WRITE-OFF OF VACATED TENANT ACCOUNTS RECEIVABLE (TARs) IN THE AMOUNT OF $432,215.63 FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2004

Attached is a true and correct copy of the Resolution as adopted at the said meeting, on file and on record as adopted by the following vote of the Members:

FOR ADOPTION:	AGAINST ADOPTION:
George R. Brown	
Betty J. Smith	
Neola Gans	
Amos Brown	

ABSENT (EXCUSED):
Julie Lee
Sululagi Palega, Sr.

IN TESTIMONY, WHEREOF, I have hereto set my hand and seal of said Authority this date: November 18, 2004.

George R Brown
George R. Brown, President
SFHA Commission

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SAN FRANCISCO HOUSING AUTHORITY
440 Turk Street • San Francisco CA • 94112 • (415) 554-1200

TO: SAN FRANCISCO HOUSING AUTHORITY COMMISSIONERS

George R. Brown, President
Betty J. Smith, Vice President
Sululagi Palega, Sr., Commissioner
Julie Lee, Commissioner
Neola Gans, Commissioner
Rev. Amos Brown, Commissioner

FROM: GREGG FORTNER, SECRETARY / EXECUTIVE DIRECTOR

DATE: October 22, 2004

SUBJECT: RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A TWO-YEAR CONTRACT WITH GOLDFARB & LIPMAN TO PROVIDE REAL ESTATE LEGAL COUNSEL SERVICES ON AN AS-NEEDED, TASK-ASSIGNMENT BASIS FOR ALL DEVELOPMENTS IN A TOTAL AMOUNT NOT-TO-EXCEED $200,000

OVERVIEW

This Resolution will authorize the Executive Director to enter into a contract with the highest-ranked legal firm specializing in affordable housing real estate transactions on an as-needed, task assignment basis for all developments over the next two years. This contract will replace the expiring two-year contract.

OBJECTIVE

The objective of this contract is to provide the Authority with expert professional legal services for real estate transactions and other issues related to housing development and modernization and to assist the Authority and the various affiliate housing corporations in addressing real estate and operational issues as they arise, upon the Authority's request.

The task assignment services may include the following:

1. Existing Developments:

    a. Interpret existing contracts, agreements, and HUD Regulations and negotiate documents initiated by the Authority, the developer, the investor, or HUD.

   b. Advise the entities on legal duties and responsibilities related to revitalization or modernization before, during, and after construction.

   c. Negotiate existing lien priority issues between HUD, the California Tax Credit Allocation Committee (TCAC), and all other lenders.

   d. Prepare, or review and negotiate, documents regarding use of the premises by service providers, residents' organizations, or other entities, including memoranda of understandings, leases, licenses to enter, and similar documents.

2. Proposed Developments:

   a. Assist with the review of solicited and unsolicited proposals received by the Authority to develop on Authority-owned land.

   b. Advise the Authority regarding potential structures for the partnerships, nonprofit affiliates, and other ownership structures.

   c. Advise the Authority regarding legal issues in connection with proposed development, exclusive negotiations, environmental reviews, conditional use approvals, and development and disposition agreements.

   d. Advise the Authority regarding legal issues in connection with bond, tax credit, HOPE VI, and conventional construction and other financing.

   e. Assist in new entity formation by preparing and reviewing organizational formation documents for new, affiliated nonprofit corporations, sponsor nonprofit corporations, and initial partnerships to be created in connection with the developments.

   f. Prepare organizational formation documents for new affiliated nonprofit corporations to leverage funds for social services and other activities benefiting the Authority's public housing residents and communities.

   g. Apply for federal and state tax-exempt status for nonprofit corporations and negotiate with Internal Revenue Service and State Franchise Tax Board as necessary.

3. Proposed Financing:

   a. Prepare, or review and negotiate, a regulatory and operating Contract, mixed finance proposal, management plan, amendments to the Annual Contributions Contract and contracts regarding the family self-sufficiency program, as necessary, for a given development.

   b. Draft loan and grant documents for HOPE VI or other funds.

   c. Prepare a ground lease from the Authority to the development partnership.

   d. Meet and negotiate with local HUD officials as necessary to meet HUD requirements.

4. Bond Loan and/or Construction Loan Closing Activities:

   a. Review, revise and negotiate bond loan or construction loan documents.

   b. Prepare customary opinions of owner's counsel.

   c. Review title issues and coordinate with the title company to obtain owner's and lender's title policies.

   d. Review and negotiate construction contract.

   e. Coordinate escrow and closing.

5. Tax Credit Syndication Activities:

   a. Prepare or review revised investor partnership contracts that provide for admission of the tax credit investor.

   b. Negotiate with tax credit investor and review all tax credit syndication documents.

   c. Provide the investor with customary opinions of sponsor's and general partner's counsel.

   d. Provide necessary securities law documentation and advice.

   e. Coordinate with the tax credit consultant to review financial projections, structuring issues, and California Tax Credit Allocation Committee (TCAC) concerns.

   f. Provide required certifications and documentation for the TCAC and Internal Revenue Service.

   g. Advise on customary tax credit syndication issues.

6. Additional Development and Leveraged Finance Activities: Provide preliminary legal advice and assistance to the Authority in structuring tax credit and other specialized financing transactions for non-HOPE VI developments, and in related real estate and corporate law matters, to the extent requested by the Authority.

The Authority will reserve the right to audit the Real Estate Counsel firm's records and financial accounts.

PROCUREMENT

The procurement process for the action covered by this Resolution meets the procurement standards of 24 CFR 85.36 "Procurement", HUD Handbook 7460.8 REV 1, "Procurement Handbook for Public Housing Agencies and Indian Housing Authorities", the San Francisco

Housing Authority Procurement Policy Manual and the State of California and local laws.

The Authority selects professional services consultants by the competitive proposal method in the form of a Request for Proposals (RFP), except for architects and engineers requiring selection on the basis of qualifications. The Authority has selected the Real Estate Counsel based on both Price (proposed fees) and the Technical Factors described in the Evaluation Criteria below.

Solicitation Process

Pre-approval of this RFP document and process was obtained from Authority management prior to advertisement. The Housing Development and Modernization Department (HD&M) developed this specific RFP document based on the Authority's master documents prepared by the Procurement and Contracts Department, which also reviewed and approved the RFP documents.

Solicitation 04-620-RFP-028 was issued on June 22, 2004. Announcement of the RFP was made to the City Outreach Services and was put on the web sites for the Authority, the City, and the Small Business Administration. The notice of the RFP was published in the San Francisco Chronicle/Examiner, Daily Pacific Builder, Sing Tao Daily, and the San Francisco Bay View. Announcements were faxed and e-mailed directly to over 30 prospective professional firms from San Francisco, the Bay Area, and around the country.

Two Reponses to the Request for Proposals were received on the July 27, 2004, due date.

Evaluation Process

In conformance with the Authority's Procurement Procedures Manual, the Evaluation Panel individually reviewed the written Proposals. At the same time, staff checked the references provided by each firm and provided the results to the Evaluation Panel members. Then, the Evaluation Panel invited both responding firms for oral interviews. After the interviews, the Evaluation Panel prepared a final evaluation and scoring to select the firm with the highest-ranked qualifications and most advantageous prices.

Evaluation Criteria

Listed below are the evaluation criteria and their relative weight. Described in italics are the reasons for the different criteria. The evaluation criteria are based on the Authority's standards for Request for Proposals questions and weighting contained in the Authority's Procurement Procedures Manual. The Director of the Contract/Procurement Division approved the criteria and weighting given to each.

NO.	CRITERIA & REASON	WEIGHT
A	Criterion: Firm's Experience. • Experience as real estate counsel on low-income multi-family developments • Experience working with HUD and public housing authorities • Experience in Federal and California housing finance law • Familiarity with California constitutional and municipal law • Ability to provide sophisticated real estate analysis, tax interpretations, securities, law and disclosure advice, and expertise in financing transactions. *This allows evaluation of the firm's technical expertise as measured by the quantity and type of work performed by the firm and its years in business dealing with the issues likely to arise in the task assignments.*	50 points
B	Criterion: Past Performance. • Ability to perform assigned tasks in a timely and efficient manner • Satisfaction of clients on similar real estate low-income multi-family developments *This provides insight into the quality of the staff as measured by their relationships with their clients, the quality of their work, whether there were problems with their performance, and is indicative of their ability to respond to Authority needs with qualified staff.*	20 points
C	Criterion: Staff Qualifications. *This provides insight into the quality of the staff as measured by their professional degrees, licenses and experience with the type of work required by this contract. The local staff size and their credentials is a quantitative measure of their knowledge, and is indicative of their ability to respond quickly with qualified staff.*	20 points
D	Criterion: Affirmative Action. *This allows evaluation of the firm's commitment to MBE/WBE participation and analysis of its detailed plan for hiring and training Authority residents.*	10 points
	Total	100 points

The following are the combined scoring results of the written proposals and the interviews:

EVALUATION PANEL SCORING	WRITTEN	INTERVIEW	TOTAL	RANK
Goldfarb & Lipman	**271**	**282**	**553**	**1**
Nixon Peabody LLP	**240**	**266**	**506**	**2**

Evaluation Panel Conclusions
By their scoring and ranking, the Evaluation Panel determined that Goldfarb & Lipman was clearly the top-rated firm. It has significant prior experience with public agencies and institutions and has provided legal services to the Authority and to other housing authorities. The reference checks on the firm produced no negative comments, and the firm is not on the federal Excluded Parties List.

Goldfarb & Lipman is a leading California real estate transactional firm with extensive experience in affordable housing and urban development. The firm provides counsel to departments, agencies, and divisions of nearly 70 municipalities and to over 20 housing authorities on the full spectrum of housing development and financing issues. Its legal expertise ranges from low income housing tax credits, real estate syndications, public finance, environmental law, fair housing, cooperatives, condominiums and other subdivisions, land use, leasing, financing, securities, lender representation, redevelopment, private development and related areas of corporate law.

Goldfarb & Lipman has worked closely with the SFHA since 1994 when the SFHA began working on its first HOPE VI development. The firm has also represented other housing authorities in California on eight other HOPE VI or mixed-finance developments and is well qualified to provide legal real estate services for public housing authorities. Its extensive experience with non-HOPE VI affordable development will enable the firm to assist the SFHA with alternative development scenarios now that HOPE VI funds are shrinking.

Based on price considerations, the firm is very highly ranked as referenced in Attachment A. The proposed hourly billing rates are "identical" to the rates the Authority has been paying for the past two years under the expiring legal services contract. The hourly billing rates are also 60% of the rates of the other proposal. There are no costs for copying, faxes, and other nuisance fees, and the expenses of filing fees, delivery services, and other outside costs are not marked up, but are billed at actual cost.

The Authority has selected Goldfarb & Lipman as having the best qualifications and best value based on both Price Factors (proposed fees) and the Technical Factors described in the Evaluation Criteria above.

Evaluation Panel Members
- Donna Martin, General Counsel
- Tony Ucciferri, Acting Administrator, Section 8 Housing Department
- Barbara Smith, Administrator, Housing Development and Modernization Department

PRESENT SITUATION

The current legal consultant contract is expiring after successful completion of its term and assigned tasks. The firm provided extensive legal assistance with the complex North Beach HOPE VI real estate transaction for a residential ground lease, commercial ground lease, loan agreements, regulatory and operating agreements, partnership agreements and myriad other documents. This $106 million revitalization leveraged $82.8 million of other public and private funds with $23 million in HOPE VI grants to build 341 new affordable housing units, commercial space, extensive community facilities and resident business incubator space. The firm also provided extensive legal assistance in order to get Valencia Gardens to closing and start of construction. Valencia Gardens is a $74.6 million HOPE VI revitalization project with six primary funding sources that will provide 260 new affordable apartments, childcare space, community facilities, a computer learning center and other amenities.

During the past two years, real estate counsel has continued to advise the SFHA on development opportunities at public housing sites and matters related to the operation of non-profit affiliates, including federal tax exemption, local tax exemption, and revitalization of other public housing sites in need of extensive capital improvements. The firm's advice has also resulted in the SFHA Housing Corporation broadening its purpose and scope of activities thereby enabling it to leverage program funds for services not available to the SFHA as a public agency.

This new contract will provide the Authority with continued expert professional legal services for real estate transactions related to public and affordable housing development and modernization with complex leverage financing and assistance with the various affiliate housing corporations in addressing real estate and operational issues as they arise.

ANTICIPATED OUTCOMES

If this contract is approved, the anticipated outcomes are:

- The Authority and the various housing corporations formed for HOPE VI will receive quality Real Estate Counsel services for current and future HOPE VI developments.
- The Authority and other affiliated subsidiaries will receive quality Real Estate Counsel services for current and future developments on Authority-owned land,.
- The Authority will receive the advice necessary to enable it to be in compliance with all Federal, State and City Codes and Regulations.
- The Authority will provide safer and more efficient service to residents.
- Residents will have opportunity for training and employment.

WHO BENEFITS

The SFHA benefits from having expert real estate legal services from a firm that represents numerous housing authorities, redevelopment agencies, and other public agencies in California with respect to real estate development and related activities. Residents benefit from the SFHA being able to completely revitalize and/or modernize dilapidated public housing sites.

BUDGET CONSIDERATIONS

Funding for this planned contract is immediately available within the North Beach and Valencia Gardens HOPE VI budgets and the FY2003 Capital Fund Program. The contract time will be two years, or less if there is an increase in the volume of redevelopment activities and the legal counsel completes all assigned tasks within a shorter period of time.

RESIDENT EMPLOYMENT

Goldfarb & Lipman supports the SFHA's efforts to include a resident-hiring component in its professional service contracts. The firm has successfully hired SFHA residents under previous contracts and intends to do so again if the Commission authorizes this contract. While most of the firm's positions require legal or other specialized training, its commitment in this area is demonstrated by the fact that in 2002, it hired a SFHA resident as a temporary office services clerk and within three months Goldfarb & Lipman was pleased to hire her as a permanent employee when an office services position unexpectedly became available. Goldfarb & Lipman is committed to using its best efforts to create a similar opportunity for another resident.

MBE/WBE STATUS

Goldfarb & Lipman is committed to ethnic and gender diversity in its ownership structure and its hiring practices. Partners who are women own fifty percent (50%) of the partnership interests in the firm. Partners who are women and minorities, or both, own fifty-eight percent (58%) and seven (7) of the twelve (12) partners are women or minorities. Of the principal attorneys who would provide services under the proposed scope of work, two are African-American women. When recruiting, the firm actively seeks women and people of color at the attorney and support staff levels.

RECOMMENDATION

Staff recommends approval of this Resolution.

(Prepared by Barbara Smith and Steve Haines, Housing Development and Modernization Department)

RESOLUTION NO. 5188
DATE ADOPTED: 10/28/04

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A TWO-YEAR CONTRACT WITH GOLDFARB & LIPMAN TO PROVIDE REAL ESTATE LEGAL COUNSEL SERVICES ON AN AS-NEEDED, TASK ASSIGNMENT BASIS FOR ALL DEVELOPMENTS IN A TOTAL AMOUNT NOT-TO-EXCEED $200,000

WHEREAS, the San Francisco Housing Authority (Authority) requires real estate legal counsel services on an as-needed, task assignment basis; and

WHEREAS, the contract with the current real estate legal counsel firm is almost completed; and

WHEREAS, the Authority requires real estate legal services for completion of North Beach, final closing and development of Valencia Gardens, negotiations for development of affordable housing on vacant land at Alice Griffith, and revitalization efforts with leveraged financing at other public housing sites; and

WHEREAS, Goldfarb & Lipman have been selected through the Request for Proposals process as the most advantageous qualified firm for this work; and

WHEREAS, funding is available within the North Beach HOPE VI, Valencia Gardens HOPE VI, and FY 2003 Capital Fund Program budgets; and

WHEREAS, the procurement process for this contract meets the procurement standards of 24 CFR 85.36 "Procurement", HUD Handbook 7460.8 REV 1 "Procurement Handbook for Public Housing Agencies and Indian Housing Authorities", the San Francisco Housing Authority Procurement Policy Manual and the State of California and local laws.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSION OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO THAT:

1. The Executive Director is authorized to enter into a two-year contract with Goldfarb & Lipman to provide real estate legal services on an as-needed, task assignment basis for an amount not-to-exceed $200,000.

2. This Resolution shall take effect immediately.

APPROVED AS TO FORM AND LEGALITY:	REVIEWED BY:
DONNA MARTIN, General Counsel	GREGG FORTNER, Executive Director
Date: 10-22-04	Date: 10/22/04

SAN FRANCISCO HOUSING AUTHORITY
440 TURK STREET • SAN FRANCISCO • CALIFORNIA • 94102 • (415) 554-1200

CERTIFICATE

I, George R. Brown, duly elected President of the Board of Commissioners of the Housing Authority of the City and County of San Francisco, do hereby certify that the following was adopted at the Regular Meeting of the Commission held on October 28, 2004:

RESOLUTION NO. 5188

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A TWO-YEAR CONTRACT WITH GOLDFARB & LIPMAN TO PROVIDE REAL ESTATE LEGAL COUNSEL SERVICES ON AN AS-NEEDED, TASK ASSIGNMENT BASIS FOR ALL DEVELOPMENTS IN A TOTAL AMOUNT NOT-TO-EXCEED $200,000.00

Attached is a true and correct copy of the Resolution as adopted at the said meeting, on file and on record as adopted by the following vote of the Members:

FOR ADOPTION:
George R. Brown
Betty J. Smith
Neola Gans
Amos Brown

AGAINST ADOPTION:

ABSENT (EXCUSED):
Julie Lee
Sululagi Palega, Sr.

IN TESTIMONY, WHEREOF, I have hereto set my hand and seal of said Authority this date: November 18, 2004.

George R Brown
George R. Brown, President
SFHA Commission

D

SAN FRANCISCO HOUSING AUTHORITY
440 Turk Street • San Francisco, California • 94102 • (415) 554-1200

DATE: October 22, 2004

TO: **SAN FRANCISCO HOUSING AUTHORITY COMMISSIONERS**

George R. Brown, President
Betty J. Smith, Vice President
Sululagi Palega, Sr., Commissioner
Julie Lee, Commissioner
Neola Gans, Commissioner
Rev. Amos Brown, Commissioner

FROM: Gregg Fortner, Secretary/Executive Director

SUBJECT: RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE A SUBGRANT AGREEMENT WITH THE SFHA HOUSING CORPORATION FOR A GRANT OF $15,716,275 OF HOPE VI FUNDS, A REVITALIZATION SERVICES AGREEMENT WITH MISSION HOUSING DEVELOPMENT CORPORATION AND OTHER DOCUMENTS PERTAINING TO THE FINANCING OF VALENCIA GARDENS

OBJECTIVES

The San Francisco Housing Authority (the "SFHA") will enter into a Subgrant Agreement with the SFHA Housing Corporation (the "Corporation"), an affiliate non-profit corporation, for a grant of $15,716,275 of HOPE VI development funds. The Corporation will then loan the funds to the Valencia Gardens Housing Limited Partnership (the "Partnership") for construction of the new housing. The SFHA will also enter into a Revitalization Services Agreement with Mission Housing Development Corporation to provide services to Valencia Gardens residents through construction, lease-up and the first year of occupancy of the new housing.

OVERVIEW

As a result of negotiations with various lenders and the tax credit investor, the HOPE VI loan, which was previously approved by the Commission pursuant to Resolution No. 5166 on July 22, 2004, is being restructured. The $15,716,275 of HOPE VI development funds will be provided through a Subgrant Agreement between the San Francisco Housing Authority, (the "SFHA") and the SFHA Housing Corporation (the "Corporation"). The Corporation will then lend the funds to the Valencia Gardens Housing Limited Partnership (the "Partnership") for construction of the 260 units of new housing. In this way, the HOPE VI funds will be provided to the Partnership through an entity that is separate from the SFHA. All funds repaid to the Corporation under the Corporation loan are required to be remitted to the SFHA under the terms of the Subgrant Agreement between the SFHA and the Corporation.

The Corporation was established in September 2000, as a non-profit affiliate of the SFHA, in order to loan SFHA's HOPE VI funds to the developer of the new Plaza East project. The HOPE VI loan structure that is proposed for Valencia Gardens is nearly identical to the structure that was utilized for Plaza East and required by the financing for that revitalization.

This resolution also authorizes the SFHA to enter into a Revitalization Services Agreement with Mission Housing Development Corporation ("MHDC") to provide services to residents through construction, lease-up and the first year of occupancy of the new housing. Through this agreement, MHDC will be required to coordinate with the Valencia Gardens Resident Council and SFHA and: assist and support residents during relocation; coordinate the development of programming and services planning for the new site; provide self-sufficiency planning, training, assistance in securing leveraged funding; provide community building activities; and coordinate on-site childcare services.

Additional documents related to the Valencia Gardens revitalization that were previously approved by the Commission and which have now been approved by HUD, include, but are not limited to:

(1) Mixed Finance Amendment to the Annual Contributions Contract allowing ACC payments to be made to the Valencia Gardens Mixed Finance development.

(2) Declaration of Trust and Restrictive Covenants that passes on the HUD restrictions on the use of land to the new public housing units for the duration of the ACC. All private construction and permanent loans are subordinate to the Declaration.

(3) Residential Ground Lease under which the Authority leases the land to the Partnership for a term not to exceed 65 years and through which the Authority will receive a portion of cash flow. The Authority continues to own the land and passes on public housing restrictions through the Regulatory and Operating Agreement.

(4) Regulatory and Operating Agreement which passes through the ACC subsidy to the operator of the public housing units and imposes the public housing restrictions including categories of tenants eligible for units and a provision that all relocated residents in good standing have first right to return to the new housing.

(5) Options and Rights of First Refusal that give the Authority the option to purchase the improvements after 12 years or before any other buyer at other times under terms described below in Budget Considerations.

(6) Management Agreement for private management to manage the development.

(7) Management Plan that specifies in detail who is eligible, how the residents will be selected and how the development will be managed.

(8) HOPE VI Rental Term Sheet that summarizes the revitalization, financing and parties involved in the transaction.

(9) Certifications and Memoranda pursuant to HOPE VI Program requirements and legal opinions required by HUD.

PRESENT SITUATION

The HUD approved revitalization plan calls for demolition of the existing structures and construction of 260 new apartments with up to 11,000 square feet of community facilities, childcare center, computer learning center and property management offices. Approximately eighty percent of the newly constructed apartment units will be PHA replacement units with Annual Contributions Contract or Section 8 project-based subsidies and approximately twenty percent will be low-income housing tax credit units for households with incomes at or below sixty percent of the area median income.

MHDC has completed the remediation and demolition, HUD has approved almost all of the evidentiary documents, and the development team has nearly concluded negotiations with the lenders. The $40,000,000 in interim bonds has been issued. Under the Pre-Construction Services Agreement, MHDC is also coordinating soil stabilization and site improvement work.

ANTICIPATED OUTCOMES

Closing is planned for the second week of November with construction commencing shortly after. Construction is projected to be completed by July 2006, residents are anticipated to begin moving into the new units at that time, and 100 percent occupancy is expected by December 2006.

WHO BENEFITS

The Valencia Gardens residents, the Authority, the Mission neighborhood and the City all benefit from the successful and expeditious implementation of this plan for safe well-designed housing and amenities at this site.

BUDGET CONSIDERATIONS

The HOPE VI funds are leveraging approximately $50,000,000 in other public and private funds. While the structure of the HOPE VI loan has changed, the amount and terms of repayment are the same as previously presented to the Commission. The SFHA will grant $15,716,275 of the HOPE VI funds to the Corporation. The Corporation will then loan the $15,716,275 to the Partnership. All funds repaid to the Corporation under the Corporation loan are required to be remitted to the SFHA under the terms of the Subgrant Agreement between the SFHA and the Corporation.

The sources of development funding are:

	Construction	Permanent
Tax Exempt Bonds (Permanent)	$10,300,000	$10,300,000
Tax Exempt Bonds (Construction)	$29,700,000	
Limited Partner (Tax Credit Investor)	$ 1,130,000	$26,049,693
HOPE VI Loan	$15,716,275	$15,716,275
California HCD MHP Funds		$ 7,000,000
San Francisco Redevelopment Agency	$ 5,000,000	$ 5,000,000
Affordable Housing Program	$ 1,000,000	$ 1,000,000
General Partner Equity		$ 1,000,000
TOTAL	**$62,846,275**	**$66,065,968**

The Revitalization Services Agreement will be funded based on the availability of cost savings or funds from development sources after all project costs have been paid in an amount not to exceed $450,000.

RECOMMENDATION

Staff recommends approval of this resolution.

(Prepared by: Barbara Smith)

RESOLUTION NO. 5189

DATE ADOPTED 10/28/04

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE A SUBGRANT AGREEMENT WITH THE SFHA HOUSING CORPORATION FOR A GRANT OF $15,716,275 OF HOPE VI FUNDS, A REVITALIZATION SERVICES AGREEMENT WITH MISSION HOUSING DEVELOPMENT CORPORATION AND OTHER DOCUMENTS PERTAINING TO THE FINANCING OF VALENCIA GARDENS

WHEREAS, Resolution No. 5166, adopted on July 22, 2004, authorized the Executive Director of the Housing Authority of the City and County of San Francisco ("SFHA") to enter into numerous documents, including but not limited to a Ground Lease, Regulatory and Operating Agreement, Mixed Finance Amendment to the Annual Contributions Contract, Declaration of Trust and Restrictive Covenants, HOPE VI Loan Documents, and other documents in connection with the revitalization of the Valencia Gardens public housing project using HOPE VI funds and other funds; and

WHEREAS, negotiations with the various lenders and the tax credit investor have required restructuring of the HOPE VI loan, which was previously approved by this Commission pursuant to Resolution No. 5166, adopted on July 22, 2004; and

WHEREAS, the Commission deems it to be in the best interest of SFHA to subgrant Fifteen Million Seven Hundred Sixteen Thousand Two Hundred Seventy Five Dollars ($15,716,275) of HOPE VI funds to its affiliate, SFHA Housing Corporation (the "Corporation"), with the intent that the Corporation will lend such funds to Valencia Gardens Housing Limited Partnership (the "Partnership"), the developer of the new Valencia Gardens development, which will consist of 260 units, including 208 public housing replacement units (the "Development'); and

WHEREAS, all funds repaid to the Corporation under the Corporation loan will be required to be remitted to SFHA under the terms of the Subgrant Agreement between SFHA and the Corporation (the "Subgrant Agreement"); and

WHEREAS, Mission Housing Development Corporation has agreed to enter into a Revitalization Services Agreement with the SFHA to provide certain services to Valencia Gardens residents through lease-up and the first year of occupancy of the new housing; and

WHEREAS, the Revitalization Services Agreement shall be funded based on the availability of cost savings funds or funds from development sources after all project costs have been paid in an amount not to exceed $450,000; and

WHEREAS, all documents will be subject to any required HUD approvals, as well as to approval by SFHA general and special legal counsel.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSION OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO THAT:

1. The SFHA shall enter into Subgrant Agreement with the Corporation to provide HOPE VI funds to the Corporation in an amount not to exceed $15,716,275 for the sole and exclusive purpose of lending those funds to the Partnership for construction of the Development.

2. The SFHA hereby approves the Subgrant Agreement, the Revitalization Services Agreement and any revisions of the previously approved HOPE VI loan documents and other evidentiary documents to reflect the financing structure described in this Resolution.

3. The Executive Director of the SFHA, or his designee, is authorized to execute, with such modifications as the Executive Director shall deem necessary or required to effect the intent of these resolutions, the Subgrant Agreement and the Revitalization Services Agreement, and take such other actions as he deems necessary to effect the transactions described above or contemplated in these resolutions, subject to required HUD approvals and the approval of SFHA legal counsel.

4. All of the foregoing resolutions shall take effect only upon HUD approval of the actions and documents described above.

5. This Resolution shall take effect immediately.

APPROVED AS TO FORM AND LEGALITY:

Donna Mart

Donna Martin, General Counsel

Date: 10·22·04

REVIEWED BY:

Gregg Fortner, Executive Director

Date: 10/22/04

SAN FRANCISCO HOUSING AUTHORITY
440 TURK STREET • SAN FRANCISCO • CALIFORNIA • 94102 • (415) 554-1200

CERTIFICATE

I, George R. Brown, duly elected President of the Board of Commissioners of the Housing Authority of the City and County of San Francisco, do hereby certify that the following was adopted at the Regular Meeting of the Commission held on October 28, 2004:

RESOLUTION NO. 5189

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE A SUBGRANT AGREEMENT WITH THE SFHA HOUSING CORPORATION FOR A GRANT OF $15,716,275.00 OF HOPE VI FUNDS, A REVITALIZATION SERVICES AGREEMENT WITH MISSION HOUSING DEVELOPMENT CORPORATION AND OTHER DOCUMENTS PERTAINING TO THE FINANCING OF VALENCIA GARDENS

Attached is a true and correct copy of the Resolution as adopted at the said meeting, on file and on record as adopted by the following vote of the Members:

FOR ADOPTION:
George R. Brown
Betty J. Smith
Neola Gans
Amos Brown

AGAINST ADOPTION:

ABSENT (EXCUSED):
Julie Lee
Sululagi Palega, Sr.

IN TESTIMONY, WHEREOF, I have hereto set my hand and seal of said Authority this date: November 18, 2004.

George R Brown

George R. Brown, President
SFHA Commission

VALENCIA
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RESOLUTION NO. 5166

DATE ADOPTED July 22, 2004

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE DOCUMENTS AND TAKE ACTIONS PERTAINING TO THE FINANCING OF VALENCIA GARDENS, INCLUDING A MIXED FINANCE AMENDMENT, DECLARATION OF TRUST AND RESTRICTIVE COVENANTS, A GROUND LEASE, REGULATORY AND OPERATING AGREEMENT, HOPE VI LOAN DOCUMENTS, AN OPTION AGREEMENT, SUBORDINATION AGREEMENTS, CERTIFICATIONS, AND OTHER DOCUMENTS

WHEREAS, Resolution 5129, adopted on November 13, 2003, authorized the Housing Authority of the City and County of San Francisco ("SFHA") to enter into a Disposition and Development Agreement dated as of December 11, 2003, with Mission Housing Development Corporation, a California nonprofit public benefit corporation, to revitalize 246 units of public housing units owned by the SFHA commonly known as the "Valencia Gardens Project" located between Valencia and Guerrero Streets and between 14th and 15th Streets in San Francisco, California; and

WHEREAS, revitalization of the Valencia Gardens Project will consist of the demolition of existing improvements and construction of 260 new units of affordable housing, of which 208 units will be reserved for public housing and Section 8 residents, and 11,000 square feet of community facilities, childcare center, computer learning center and property management offices (the "Development"); and

WHEREAS, on October 10, 1997, the U.S. Department of Housing and Urban Development ("HUD") awarded SFHA a grant of HOPE VI funds in the approximate amount of $22,230,641 for the revitalization of the Valencia Gardens Project; and

WHEREAS, following Commission authorization for execution of the HOPE VI grant agreement between the SFHA and HUD, in December 1998 HUD executed the grant agreement; and

WHEREAS, the Development is to be financed with HOPE VI funds, low income housing tax credits, tax-exempt bond proceeds, and other loans; and

WHEREAS, in order to achieve the benefits of tax credit financing, the Development will be owned by a limited partnership known as Valencia Gardens Housing Limited Partnership, a California limited partnership (the "Partnership"); and

WHEREAS, the Commission deems it to be in the best interest of the SFHA to enter into a Ground Lease and Memorandum of Ground Lease with the Partnership, for a term not to exceed 65 years, to lease the real property on which the Development will be constructed; and

WHEREAS, the Commission deems it to be in the best interest of the SFHA to enter into a HOPE VI Construction/Permanent Loan Agreement and related documents with the Partnership in order to provide a loan of HOPE VI funds for the Development in an amount not to exceed $15,716,275 (the "HOPE VI Loan"), such related documents to include a Intercreditor Agreement, Regulatory and Operating Agreement, Affordability Reserve Escrow Agreement, subordination agreements to assure the priority of the HOPE VI Loan over a loan from the San Francisco Redevelopment Agency in the amount of $5,000,000 (the "City Loan"), and a loan of Federal Home Loan Affordable Housing Program loan through Citibank F.S.B.("Citibank") in the amount of $1,000,000 (the "AHP Loan"); and

WHEREAS, the Commission deems it to be in the best interest of the SFHA to induce California Department of Housing and Community Development ("HCD") under its Multifamily Housing Program to provide additional financing to the Partnership for the Development in an amount not to exceed $7,000,000 (the "MHP Loan") by entering into a subordination agreement with the Partnership and HCD to subordinate the HOPE VI Loan deed of trust to the MHP Loan deed of trust and regulatory agreement; and

WHEREAS, the Commission deems it to be in the best interest of the SFHA to execute certain documents and certifications for the benefit of HUD in connection with the HOPE VI Loan including, a Mixed-Finance Amendment to the Annual Contributions Contract, a Declaration of Trust and Restrictive Covenants, a Certification Re: Permits and Approvals, and HOPE VI Certifications; and

WHEREAS, the Commission deems it to be in the best interest of the SFHA to enter into a Purchase Option Agreement and Right of First Refusal and a Memorandum of Purchase Option Agreement and Right of First Refusal with the Partnership to purchase the Development (the "Purchase Option") from the Partnership at the end of the 15 year tax credit compliance period applicable to the Development; and

WHEREAS, the Commission deems it to be in the best interest of the SFHA to enter into subordination agreements with the Partnership to subordinate the Purchase Option to the City Loan, the MPH Loan and the HOPE VI Loan; and

WHEREAS, the Commission deems it to be in the best interest of the SFHA to submit the evidentiary documents to HUD for its approval; and

WHEREAS, all documents will be subject to any required HUD approvals, as well as to approval by SFHA general and special legal counsel.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSION OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO THAT:

1. The SFHA shall enter into a Ground Lease and a Memorandum of Ground Lease with the Partnership for a term not to exceed 65 years to lease the real property on which the Development will be constructed.

2. The SFHA shall enter into a HOPE VI Construction/Permanent Loan Agreement, Intercreditor Agreement, Regulatory and Operating Agreement, Affordability Reserve Escrow Agreement, and subordination agreements with HCD, the City, and Citibank to provide HOPE VI funds in an amount not to exceed $15,716,275 to the Partnership for the development and construction of the Development.

3. The SFHA shall execute a Mixed-Finance Amendment to the Annual Contributions Contract, a Declaration of Trust and Restrictive Covenants, a Certification Re: Permits and Approvals and HOPE VI Certifications for the benefit of HUD in connection with the HOPE VI Loan.

4. The SFHA shall enter into a Purchase Option Agreement and Right of First Refusal and a Memorandum of Purchase Option Agreement and Right of First Refusal in connection with the Development.

5. The SFHA shall enter into agreements to subordinate the Purchase Option to the MHP Loan, the City Loan, and the HOPE VI Loan.

6. The SFHA approves the evidentiary documents and their submission to HUD.

7. All of the foregoing resolutions shall take effect only upon HUD approval of the actions and documents described above.

8. The Executive Director of the SFHA, or his designee, is authorized to execute, with such modifications as the Executive Director shall deem necessary or required to effect the intent of these resolutions, ground lease, memoranda of ground lease, HOPE VI Construction/Permanent Loan Agreement, Intercreditor Agreement, Regulatory and Operating Agreement, Affordability Reserve Escrow Agreement, subordination agreements, Mixed-Finance Amendment to the Annual Contributions Contract, Declaration of Trust and Restrictive Covenants, Certification Re: Permits and Approvals, HOPE VI Certifications, purchase option agreements and rights of first refusal, memoranda of purchase option agreements and rights of first refusal, and may execute such other documents, and approve and submit the evidentiary documents to HUD, and take such other actions as he deems necessary to effect the transactions described above or contemplated in these resolutions, subject to required HUD approvals and the approval of SFHA legal counsel.

9. This Resolution shall take effect immediately.

APPROVED AS TO FORM AND LEGALITY: **REVIEWED BY:**

____
Donna Martin, General Counsel

Date: ________________

____
Gregg Fortner, Executive Director

Date: ________________

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HOPE VI CONSTRUCTION/PERMANENT LOAN AGREEMENT

Between

SFHA Housing Corporation

and

Valencia Gardens Housing Limited Partnership

Valencia Gardens

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EXHIBIT A: Legal Description of the Property

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HOPE VI CONSTRUCTION/PERMANENT LOAN AGREEMENT
(VALENCIA GARDENS)

This HOPE VI Construction/Permanent Loan Agreement (the "Agreement") is entered into as of October 1, 2004, by and between the SFHA Housing Corporation ("Lender"), and Valencia Gardens Housing Limited Partnership ("Borrower"), with reference to the following facts:

A. The Housing Authority of the City and County of San Francisco, a public body, corporate and politic ("Authority") is the owner of certain real property located in the City and County of San Francisco, California, located between Valencia and Guerrero Streets and between 14th and 15th Streets, as is more particularly described on Exhibit A (the "Property"), on which was previously located the 246-unit public housing complex known as Valencia Gardens.

B. Lender is a California nonprofit public benefit corporation duly formed and authorized to transact business in the State of California.

C. Borrower is a California limited partnership duly formed and authorized to do business in the State of California as Valencia Gardens Housing Limited Partnership, having as its initial general partner Mission Housing Development Corporation, a California nonprofit public benefit corporation ("MHDC").

D. Authority and United States Department of Housing and Urban Development ("HUD") have entered into that certain Urban Revitalization Demonstration Program (HOPE VI) Implementation Grant Agreement, effective as of December, 1998 (the "HOPE VI Grant Agreement"), providing for a grant in the amount of $23,230,641 to be made by HUD to Authority (the "HOPE VI Grant") to assist in the comprehensive revitalization of Valencia Gardens and the surrounding neighborhood, including the development of replacement public housing units, in partnership with third parties (the "Revitalization").

E. Authority has entered into a Disposition and Development Agreement dated as of December 11, 2003 (the "DDA"), with MHDC as the developer, to undertake the development, construction and operation of the Revitalization on the Property. Pursuant thereto, MHDC has caused the Borrower to be organized.

F. Borrower intends to construct two hundred sixty (260) units of affordable housing on the Property, of which two hundred fifty-five (255) will be tax credit rental housing and of which one-hundred forty-eight (148) units are "Project Units", as that term is defined below. The Property and the Improvements, as defined below, shall collectively be known hereafter as the "Development".

G. Pursuant to the Predevelopment Loan Agreement between MHDC and the Authority, as defined herein, the Authority agreed to loan ___________ Dollars ($___________) to MHDC to finance certain predevelopment activities in connection with the Development (the

"Predevelopment Loan"). Approximately ________________Dollars ($___________) of these funds have already been disbursed to MHDC.

H. Pursuant to a ground lease dated as of October 1, 2004 between Authority and Borrower (the "Lease"), the Authority will lease the Property to Borrower and Borrower will hold a fee interest in the Improvements to be constructed on the Property.

I. The Authority is willing to grant Fifteen Million Seven Hundred Sixteen Thousand Two Hundred Seventy Five Dollars ($15,716,275) of the HOPE VI Grant funds to Lender in order to assist in the development of the Improvements, pursuant to the terms and provisions of the Subgrant Agreement.

J. Lender is willing to lend all $15,716,275 provided under the Subgrant Agreement to the Borrower to assist in the development of the Improvements, pursuant to the terms and conditions of this Agreement, as set forth below. The Loan will replace and supersede the Predevelopment Loan. The Parties acknowledge that, pursuant to an option agreement to be executed at or about the time of this Agreement, the Authority anticipates exercising an option to purchase Borrower's interest in the Property at the end of the tax credit compliance period.

NOW, THEREFORE, the Parties agree as follows:

ARTICLE 1 DEFINITIONS AND EXHIBITS

Section 1.1 Definitions

The following capitalized terms have the meanings set forth in this Section 1.1 wherever used in this Agreement, unless otherwise provided:

(a) "ACC" shall mean that certain Consolidated Annual Contributions Contract dated August 1, 1996, by and between HUD and Authority, as amended by the Mixed Finance ACC Amendment dated October ___, 2004 and incorporating the Project Units, as the same may be further amended from time to time.

(b) "Act" shall mean the United States Housing Act of 1937, as amended and as may hereafter be amended from time to time, or any successor legislation;

(c) "Affordability Reserve" shall mean the reserve account established in accordance with Section 5.1 of the Regulatory and Operating Agreement.

(d) "Agreement" shall mean this Loan Agreement.

(e) "Applicable Public Housing Requirements" shall mean all requirements applicable to public housing, including, but not limited to, the Act, HUD regulations thereunder (and, to the extent applicable, any HUD-approved waivers of regulatory requirements), the ACC, the HOPE VI grant agreement, HUD notices (including any notice of fund availability under which the Authority received an award of HOPE VI funds for use in connection with the Development), the Declaration of Trust and Restrictive Covenants, the Authority's admissions and occupancy policies applicable to the Project Units, as set forth in its PHA Plan, and all applicable Federal statutory, executive order and regulatory requirements, as those requirements may be amended from time to time. In the event of any conflict among the foregoing authorities, or between any of such authorities and this Agreement, then the Act, the Declaration of Trust and the ACC (in that order of primacy, in the event of any conflict among such authorities, and including any waivers granted pursuant thereto or pursuant to HUD regulations applicable to privately owned mixed-finance communities such as the Development) shall control.

(f) "Approved Development Budget" shall mean the proforma development budget, including sources and uses of funds, as approved by the Lender, and attached hereto and incorporated herein as Exhibit B.

(g) "Approved Financing" shall mean all of the following loans acquired by the Borrower and approved by the Lender for the purpose of financing the Development, in addition to the Loan.

(i) Construction loan from the proceeds of one or two series of tax-exempt bonds (the "Bonds") to be issued by the Authority, secured by among other documents, a letter of credit issued by Citibank (West), FSB, a federal savings bank ("Citibank"), in the approximate amount of Forty Million Dollars ($40,000,000)(the "Construction Loan"), which loan is to be partially repaid and converted to a permanent loan in the approximate amount of Ten Million Eight Hundred Thousand Dollars ($10,800,000) upon completion of construction of the Improvements and the satisfaction of certain other conditions ("Permanent Loan"). The Bonds are enhanced by a letter of credit (the "Letter of Credit") provided by Citibank, N.A., which is evidenced by among other documents, the Reimbursement Agreement (sometimes, collectively referred to as the "Reimbursement Agreement Obligations"). For the purposes of this Agreement, Citibank shall be the "holder" of the Reimbursement Agreement Obligations;

(ii) Affordable Housing Program ("AHP") loan from Citibank (West), FSB, a federal savings bank in the approximate amount of One Million Dollars ($1,000,000) (the "AHP Loan");

(iii) A permanent loan from the State Department of Housing and Community Development under its Multifamily Housing Program ("MHP") in the amount of Seven Million Dollars ($7,000,000) (the "MHP Loan").

(iv) A construction and permanent loan from the San Francisco Redevelopment Agency in the approximate amount of Five Million Dollars ($5,000,000), or such amount as may be approved (the "SFRA Loan");

(v) Low Income Housing Tax Credit ("LIHTC") funds in the approximate amount of Twenty Six Million Dollars ($26,000,000), approximately $1,130,000 of which will be provided either at closing or during construction.

(h) "Authority" shall mean the Housing Authority of the City and County of San Francisco, a public body, corporate and politic.

(i) "Borrower" shall mean Valencia Gardens Housing Limited Partnership.

(j) "City" shall mean City and County of San Francisco.

(k) "CPI" means the Consumer Price Index - All Urban Consumers applicable for the area which includes San Francisco, California as published by the United States Bureau of Labor Statistics, or such successor Consumer Price Index as most closely corresponds to the foregoing index. If that index is no longer published, or if a substantial change is made in the terms or number of items contained in the CPI, then the CPI shall be adjusted to the figure that would have been arrived at (or as close to such figure as shall be practical) had the manner of computing the CPI in effect at the date of this Agreement not been altered.

(l) "Declaration of Trust" shall mean that certain Declaration of Trust and Restrictive Covenants and Partial Release of Prior Declarations of Trust executed by the Authority, the Borrower and HUD, in favor of HUD, to be recorded against the Development.

(m) "Deed of Trust" shall mean the deed of trust that will encumber the Development to secure repayment of the Loan. The form of the Deed of Trust shall be in the form prepared by the Lender.

(n) "Default" shall have the meaning set forth in Section 5.1 below.

(o) "Development" shall mean the Property and the Improvements.

(p) "DDA" shall mean that certain Disposition and Development Agreement by and between MHDC and the Authority, dated as of December 11, 2003.

(q) "Financing Statement" shall mean that certain UCC-1 form to be filed with the Secretary of State's Office, the filing of which will give the Lender a perfected security interest in the Borrower's personal property and fixtures located on or about the Development.

(r) "Hazardous Materials" shall have the meaning set forth in Section 4.8 below.

(s) "Hazardous Materials Claim" shall have the meaning set forth in Section 4.8 below.

(t) "Hazardous Materials Law" shall have the meaning set forth in Section 4.8 below.

(u) "HOPE VI Funds" shall mean the Fifteen Million Seven Hundred Sixteen Thousand Two Hundred Seventy Five Dollars ($15,716,275) that HUD has made available to the Authority under the HOPE VI Grant Agreement, that the Authority is granting to the Lender under the Subgrant Agreement, and that the Lender is lending to the Borrower pursuant to this Agreement to enable the Borrower to construct the Development.

(v) "HUD" shall mean the United States Department of Housing and Urban Development.

(w) "Improvements" shall consist of two hundred sixty (260) units of multifamily rental apartments, common areas and attendant site improvements to be constructed on the Property.

(x) "Investor" shall mean, collectively, Alliant Credit Facility, Ltd., a Florida limited partnership, as the investor limited partner, and Alliant Credit Facility ALP, LLC, a Florida limited liability company, as the administrative limited partner, and their respective successors and assigns.

(y) "Loan" shall mean the Lender's loan to Borrower of the HOPE VI Funds pursuant to this Agreement in the total principal amount of Fifteen Million Seven Hundred Sixteen Thousand Two Hundred Seventy Five Dollars ($15,716,275).

(z) "Loan Documents" shall mean this Agreement, the Note, the Deed of Trust, Financing Statement, and the Regulatory and Operating Agreement.

(aa) "Management Agreement" shall mean the agreement between the Borrower and its management agent regarding management of the Development.

(bb) "Management Plan" shall mean that certain agreement among the Authority, Borrower and management agent, which sets forth the occupancy, vacancy, and lease-up policies applicable to the Development.

(cc) "MHDC" shall mean Mission Housing Development Corporation, a California nonprofit public benefit corporation, the initial general partner of the Borrower.

(dd) "Mixed Finance ACC Amendment" shall mean that certain amendment to the ACC, dated as of approximately even date herewith, pertaining to the 148 Project Units included in the Development.

(ee) "Note" shall mean the promissory note that will evidence Borrower's obligation to repay the Loan. The form of the Note shall be in the form prepared by the Lender.

(ff) "Project Units" shall mean any of the 148 rental housing units made subject to Applicable Public Housing Requirements and, in conformance therewith, qualified to receive HUD capital or operating funds.

(gg) "Parties" shall mean the Lender and Borrower.

(hh) "Predevelopment Loan" shall mean that predevelopment loan in the amount of $__________ from the Authority to MHDC, evidenced by the Predevelopment Loan Agreement, as amended, dated as of _____________.

(ii) "Property" shall mean the real property located in the City and County of San Francisco, California, more particularly described in the attached Exhibit A.

(jj) "Regulatory and Operating Agreement" shall mean the Regulatory and Operating Agreement of even date herewith by and between Authority and Borrower.

(kk) "Reimbursement Agreement" shall mean the Reimbursement Agreement dated October __, 2004 between Citibank and the Borrower related to certain reimbursement obligations of Borrower in connection with the Citibank Letter of Credit.

(ll) "Rental Term Sheet" shall mean that certain description of the ownership, structure, financing, development and operation of the Development approved by HUD in connection with the HOPE VI evidentiary documents.

(mm) "Residual Receipts" shall mean the amount by which, in a particular calendar year, Operating Revenues exceed Operating Expenses, as determined by an independent certified financial audit. "Operating Revenues" means all income derived by Borrower from all of the Units (excluding tenant security or rent deposits, unless and until applied to the payment of rent) and shall include, without limitation, (1) rent paid by Tenants; (2) the ACC subsidy payments made pursuant to the Regulatory and Operating Agreement, (3) Section 8 payments received on behalf of Tenants; (4) interest on operating and replacement reserves or other reserves required pursuant to the Lease to the extent such interest is not added to such reserve account; and (5) all receipts by Borrower for services at the Development (to the extent allowable by the California Tax Credit Allocation Committee) for which a fee is charged separate from unit rent. "Operating Expenses" shall mean all costs and expenses incurred by Borrower directly attributable to the ownership and operation of the Development, including, but not limited to, maintenance and repair of the Units, funding of the replacement reserve for Units, and all Development Expenses. "Development Expenses" means all debt service, charges and other impositions becoming due under the Construction Loan prior to conversion to the Permanent Loan and the Permanent Loan, all payments and other amounts becoming due under the Reimbursement Agreement, any reconciliation payment required under Section 7.6 of the Regulatory and Operating Agreement, all expenses incurred by Borrower for services provided which are not paid by Unit rent, and all other expenses incurred by Borrower in the ownership and operation of the Development not directly attributable to specific residential units (as opposed to all residential units in the Development).

(nn) "SFRA" shall mean the San Francisco Redevelopment Agency.

(oo) "SFRA Loan Funds" shall mean the Five Million Dollars ($5,000,000), or such greater amount as may be approved, that SFRA is lending to the Borrower to enable the Borrower to construct the Development.

(pp) "Subgrant Agreement" shall mean that certain Subgrant Agreement between the Authority and the Lender, dated of even date herewith.

(qq) "Tenant(s)" shall mean any tenant, sublessee or licensee of Borrower under any Tenant Lease(s).

(rr) "Tenant Lease(s)" shall mean any lease or license agreement entered into by Borrower with residents of the Units in the Development.

(ss) "Term" shall mean shall mean the term of the Loan, commencing on the date of this Agreement and continuing for fifty-five (55) years from the date of issuance of a Certificate of Occupancy by the City and County of San Francisco for all units in the Development.

(tt) "Transfer" shall have the meaning set forth in Section 4.15 below.

(uu) "Unit" means one of the two hundred sixty (260) apartment units to be constructed on the Property.

Section 1.2 Exhibits

The following exhibits are attached to this Agreement and incorporated into this Agreement by this reference:

EXHIBIT A:	Legal Description of the Property
EXHIBIT B:	Approved Development Budget
EXHIBIT C:	Affirmative Action Requirements
EXHIBIT D:	Resident Hiring Plan
EXHIBIT E:	Site Mitigation Plan

ARTICLE 2 LOAN PROVISIONS

Section 2.1 Loan.

The Lender shall loan to the Borrower the Loan in the principal amount of Fifteen Million Seven Hundred Sixteen Thousand Two Hundred Seventy Five Dollars ($15,716,275) for the purposes set forth in Section 2.3 of this Agreement. The obligation to repay the Loan shall be evidenced by a Note in the form prepared by the Lender.

Section 2.2 Interest.

(a) Subject to the provisions of Section 2.2(b) below, the outstanding principal balance of the Loan shall not accrue interest during the term of this Agreement, except as provided in Section 2.2(b) herein.

(b) In the event of a Default, interest on the Loan shall begin to accrue, as of the date of Default and continuing until the earlier of such time as the Loan funds are repaid in full or the Default is cured, at the default rate of the lesser of ten percent (10%), compounded annually, or the highest rate permitted by law.

Section 2.3 Use of Loan Funds.

(a) The Borrower shall use the Loan Funds to pay development costs of the Development during the construction phase, consistent with the Approved Development Budget, and as part of the permanent financing of the Development.

(b) The Borrower shall not use the Loan Funds for any other purpose without the prior written consent of the Lender.

(c) The Predevelopment Loan funds loaned to MHDC, pursuant to the Predevelopment Loan Agreement and evidenced by a promissory note, are a portion of the Loan. Upon execution of the Loan Documents and recordation of the Deed of Trust, the promissory note evidencing the Predevelopment Loan shall be cancelled and returned to MHDC.

Section 2.4 Security.

(a) Borrower shall secure its obligation to repay the Loan, as evidenced by the Note, by executing the Deed of Trust, and recording it as a lien against the Property. The Deed of Trust shall be junior in lien priority to the deed of trust securing the Construction Loan, and upon its conversion to the Permanent Loan, to the MHP Loan.

(b) The Lender agrees to subordinate the Deed of Trust to the lien of the deed of trust securing the Construction Loan and the MHP Loan, provided the Lender receives adequate notice and cure rights and pursuant to a subordination agreement in a form approved by the Lender.

(c) The Lender and Borrower hereby acknowledge that this Agreement and the Loan are subject to all HUD requirements as set forth in Section 4.2 of this Agreement.

Section 2.5 Conditions Precedent to Closing.

The maximum amount of funds to be disbursed pursuant to this Section 2.5 shall not exceed Fifteen Million Seven Hundred Sixteen Thousand Two Hundred Seventy Five Dollars ($15,716,275). The sum of $__________ is deemed disbursed as of the date hereof to repay the Predevelopment Loan. The Lender shall not be obligated to proceed with the Closing under the Loan Documents unless the following conditions precedent are satisfied:

(a) There exists no Default nor any act, failure, omission or condition that would constitute an event of Default under this Agreement;

(b) Borrower has executed and delivered to Lender all documents, instruments, and policies required under the Loan Documents;

(c) A title insurer reasonably acceptable to the Lender is unconditionally and irrevocably committed to issuing an ALTA Lender's Policy of insurance insuring the priority of the Deed of Trust in the amount of the Loan, subject only to such exceptions and exclusions as may be reasonably acceptable to the Lender, and containing such endorsements as the Lender may reasonably require.

(d) The Declaration of Trust and the Regulatory and Operating Agreement have been recorded against the Property in the Office of the Recorder of the City and County of San Francisco and have priority over the Deed of Trust as restrictions on title;

(e) The Authority has completed and approved all environmental reviews under the National Environmental Policy Act, 42 U.S.C. § 4321 et seq., ("NEPA") and the California Environmental Quality Act, Public Resources Code § 21000 et seq., ("CEQA") as necessary for the acquisition of the Property and construction of the Development, and Borrower has provided the Authority evidence of compliance with all approved NEPA and CEQA requirements and mitigation measures.

(f) Borrower has furnished the Lender with evidence of the insurance coverage meeting the requirements of Section 4.16 below.

(g) The Lender has received and approved the final plans and specifications for the Development, as required pursuant to Section 3.2 below.

(h) The Lender has received and approved all contracts that the Borrower has entered or proposed to enter for construction of the Development as required pursuant to Section 3.3 below.

(i) The Lender has received copies of labor and material (payment) bonds and performance bonds as required pursuant to Section 3.4 below.

(j) Borrower has closed all Approved Financing described in Section 1.1(g), except for the MHP Loan, which shall be closed following completion of construction.

(k) The Borrower has submitted to, and received the approval of, HUD and the Authority, with respect to all evidentiary documents related to the HOPE VI funds, including but not limited to the Declaration of Trust, Regulatory and Operating Agreement, Lease, Management Plan, Management Agreement, Rental Term Sheet and Mixed Finance ACC Amendment.

Section 2.6 Conditions Precedent to Disbursement.

The Lender will use its best efforts to disburse the Loan proceeds under each draw request within thirty (30) calendar days after receipt of a properly completed draw request with all necessary supporting documentation. Notwithstanding the foregoing, the Lender shall not be obligated to make any disbursements of Loan proceeds or take any other action under the Loan Documents unless the following conditions are satisfied prior to each such disbursement of the Loan:

(a) All requirements set forth in Section 2.5 have been and continue to be satisfied and there is no Default by the Borrower.

(b) The undisbursed proceeds of the Loan, together with other funds or firm commitments for funds that the Borrower has obtained in connection with the Development, are not less than the amount that the Lender reasonably determines is necessary to pay for development of the Development in accordance with the Approved Development Budget.

(c) The Lender determines, in its reasonable discretion, that the construction work performed in connection with the Development is in substantial compliance with Construction Plans, as that term is defined in Section 3.2 of this Agreement and that such work is being performed in a timely manner.

(d) The Borrower has drawn down the proceeds, subject to any required retention, of the SFRA Loan and the AHP Loan.

(e) The Authority has satisfied all conditions precedent to draw down the HOPE VI Grant funds, as provided in the HOPE VI Grant Agreement, and has received authorization from HUD to draw down such funds from its federal line of credit.

Section 2.7 Repayment Schedule.

The Loan shall be repaid as follows:

(a) The Loan and this Agreement shall have a term (the "Term") that expires on the date fifty-five (55) years from the date of completion, which shall be determined by the date of issuance of a Certificate of Occupancy for all units in the Development.

(b) Annual Payments. Commencing on ________ of the year following completion of construction of the Development, and on ______ of each year thereafter for the Term of the Loan, Borrower shall make repayments of the Loan from Residual Receipts, provided that available Residual Receipts in a particular year shall be distributed in the following order of priority:

(i) First, to make any replenishment of the Affordability Reserve as may be required under Sections 5.4(b) and 6.4(a) of the Regulatory and Operating Agreement;

(ii) Second, to pay any deferred developer fee, as may be permitted;

(iii) Third, to pay Partnership and Asset Management Fees in the total sum of $35,000, plus annual increases in the amount of CPI, beginning in 2006;

(iv) Fourth, to pay a Tenant Services Fee in the total sum of $25,000, plus annual increases in the amount of CPI, beginning in 2006;

(v) Fifth, to pay an Incentive Management Fee in the total sum of $25,000, plus annual increases in the amount of CPI, beginning in 2006;

(vi) Sixth, to make a Ground Lease payment, pursuant to Section 4.1 of the Ground Lease, of one-third of the remaining Residual Receipts;

(vii) Seventh, to pay an additional Incentive Management Fee in the total sum of $25,000, plus annual increases in the amount of CPI, beginning in 2006;

(viii) Eighth, to make a Ground Lease payment, pursuant to Section 4.2(a) of the Ground Lease, in the amount of (1) $100,000 or (2) such amount as may be permissible, when combined with payments to the Borrower, under MHP program regulations in effect on the date of this Agreement, whichever is less;

(ix) Ninth, to be split proportionately among HCD, SFRA, and the Lender, according to the principal amount of their respective loans at the time of the initial payment of Residual Receipts.

(c) Except for payments becoming due as provided in subsection (d) of this Section 2.7, annual payments and any other payments becoming due with respect to the Loan shall be payable only to the extent of Residual Receipts.

(d) Payment in Full. All remaining principal and accrued interest on the Loan shall be due in full on the earlier to occur of (i) the date of any Default, and (ii) the expiration of the Term.

(e) No prepayments or partial payments of the Loan shall be permitted without the prior written consent of the Lender.

Section 2.8 Non-Recourse.

Except as provided below, neither the Borrower nor any partner of the Borrower shall have any direct or indirect personal liability for payment of the principal of, or interest on, the Loan or the performance of the covenants of the Borrower under the Loan Documents. The sole recourse of the Lender with respect to the principal of, or interest on, the Note and defaults by Borrower in the performance of its covenants under the Loan Documents shall be to the property described in the Deed of Trust; provided, however, that nothing contained in the foregoing limitation of liability shall (a) limit or impair the enforcement against all such security for the Note of all the rights and remedies of the Lender thereunder, or (b) be deemed in any way to impair the right of the Lender to assert the unpaid principal amount of the Note as demand for money within the meaning and intendment of Section 431.70 of the California Code of Civil Procedure or any successor provision thereto. The foregoing limitation of liability is intended to apply only to the obligation for the repayment of the principal of, and payment of interest on the Note and the performance of the Borrower's obligations under the Deed of Trust, except as hereafter set forth; nothing contained herein is intended to relieve the Borrower of its obligation to indemnify the Lender under Sections 4.8 and 6.4 of this Agreement, or liability for (i) fraud or willful misrepresentation; (ii) the failure to pay taxes, assessments or other charges which may create liens on the Property that are payable or applicable prior to any foreclosure under the Deed of Trust (to the full extent of such taxes, assessments or other charges); (iii) the fair market value of any personal property or fixtures removed or disposed of by Borrower other than in accordance with the Deed of Trust; and (iv) the misappropriation of any proceeds under any insurance policies or awards resulting from condemnation or the exercise of the power of eminent domain or by reason of damage, loss or destruction to any portion of the Property. Notwithstanding the foregoing, the Lender shall have no recourse against MHDC, as the initial general partner, or any of its assets, except to the extent of its partnership interest in the Borrower.

ARTICLE 3 CONSTRUCTION OF THE DEVELOPMENT

Section 3.1 Permits and Approvals.

All permits and approvals necessary for the commencement of construction of all Units on the Property, not including any addenda to such permits and approvals, must be received no later than October 1, 2004, or such later time as allowed by the Lender.

Section 3.2 Plans and Specifications.

(a) Simultaneously with submission to the City and County of San Francisco Department of Building Inspection (the "City Building Department") of each Addendum to the

Site Permit that was issued by the City Building Department on ________________, Borrower shall submit to the Lender a copy of the Construction Plans for the Development submitted with that Addendum. As used in this Agreement, "Construction Plans" shall mean the plans approved by the City Building Department for the Site Permit and all Addenda to the Site Permit, upon which Borrower and Borrower's Contractor shall rely in building all the improvements on the Property (including the Units, landscaping, parking, and common areas) and shall include, but not necessarily be limited to, final architectural drawings, landscaping plans and specifications, final elevations, building plans and specifications (also known as "working drawings").

(b) The Lender shall, if the Construction Plans submitted conform to the provisions of this Agreement, approve in writing such Construction Plans. Unless rejected by the Lender for their failure to comply with the foregoing requirements within twenty-one (21) days of submission by Borrower, said Construction Plans shall be deemed accepted; provided, however, that after the commencement of construction, any construction documentation submitted to the Lender for its approval shall be deemed approved if not reasonably disapproved within seven (7) days following receipt by the Lender. Approval of the Construction Plans by the Lender shall not relieve Borrower's obligation to obtain any and all approvals required by the City Building Department.

(c) If rejected by the Lender in whole or in part, Borrower shall submit new or corrected Construction Plans. The Lender shall then have fifteen (15) days to review and approve Borrower's new or corrected Construction Plans; provided, however, that after the commencement of construction, any construction documentation submitted to the Lender for its approval shall be deemed approved if not reasonably disapproved within seven (7) days following receipt by the Lender. The provisions of this Section relating to time periods for approval, rejection, or resubmission of new or corrected Construction Plans shall continue to apply until the Construction Plans have been approved by the Lender. Nothing in this section shall affect Borrower's obligation to obtain any and all approvals of the Construction Plans required by the City Building Department.

Section 3.3 Construction Contract; Development Costs

(a) Prior to Closing, the Borrower shall submit to the Lender for its approval the proposed construction contract for the Units and the Lender shall have approved such contract. All construction work and professional services shall be performed by persons or entities licensed or otherwise authorized to perform the applicable construction work or service in the State of California. Each contract that the Borrower enters for construction of the Development shall provide that at least ten percent (10%) of the costs incurred, not including bond or other soft costs, shall be payable only upon completion of construction, subject to early release of retention for specified subcontractors upon approval by the Lender. The construction contract shall include all applicable HOPE VI requirements. The Lender's approval of the construction contract shall in no way be deemed to constitute approval of or concurrence with any term or condition of the construction contract except as such term or condition may be required by this Agreement.

(b) Upon receipt by the Lender of the proposed construction contract, the Lender shall promptly review same and approve or disapprove it within ten working (10) days. If the construction contract is not approved by the Lender, the Lender shall set forth in writing and notify the Borrower of the Lender's reasons for withholding such approval. The Borrower shall thereafter submit a revised construction contract for Lender approval, which approval shall be granted or denied in ten (10) working days in accordance with the procedures set forth above. Any construction contract executed by the Borrower for the Development shall be in the form approved by the Lender.

Section 3.4 Construction Bonds.

Prior to commencement of construction of the Development, the Borrower shall deliver to the Lender copies of labor and material (payment) bonds and performance bonds, or a dual bond which covers both payment and performance obligations, in a penal sum each of not less than one hundred percent (100%) of the scheduled hard costs of construction of the Development, and one hundred percent (100%) payment bond. Said bonds shall be issued by an insurance company which is licensed to do business in California and has a rating equivalent to AAA or AA+ by an insurance company in the current year's Federal Register or as otherwise approved by the Lender. The bonds shall name the Lender and the Authority as co-obligees or assignees.

Section 3.5 Commencement of Construction.

Borrower shall cause the commencement of construction of the Development by December 31, 2004 or such later time as may be allowed by the Lender.

Section 3.6 Completion of Construction.

Borrower shall diligently prosecute construction of the Development to completion, and shall cause the completion of the construction of the Development no later than April 30, 2006, unless extended by the lender of the Construction Loan. As used in this Section 3.6, "completion of construction" shall be defined as issuance of certificates of occupancy, or equivalent sign-off from the City Building Department, for all of the Units.

Section 3.7 Construction Pursuant to Plans and Laws.

(a) Borrower shall construct the Development in substantial conformance with Improvements plans and specifications approved by the City Building Department. Borrower shall notify the Lender in a timely manner of any changes in the work required to be performed under this Agreement, including any additions, changes, or deletions to the plans and specifications approved by the Lender. A written change order authorized by the Lender must be obtained before any of the following changes, additions, or deletions in work for the Development may be performed: (1) any change in the work the cost of which exceeds Twenty-Five Thousand Dollars ($25,000); or (2) any set of changes in the work the cost of which cumulatively exceeds One Hundred Thousand Dollars ($100,000) or ten percent (10%) of the Loan amount, whichever is less; or (3) any material change in building materials or equipment, specifications, or the structural or architectural design or appearance of the Development as provided for in the plans and specifications approved by the Lender. Any written change order submitted to the Lender for its approval shall be deemed approved if not reasonably disapproved within seven (7) days following receipt by the Lender; provided that approval of such change orders by the Lender shall not increase the Lender's liability or obligations under this Agreement. Consent to any additions, changes, or deletions to the work shall not relieve or release Borrower from any other obligations under this Agreement, or relieve or release Borrower or its surety from any surety bond.

(b) Borrower shall cause all work performed in connection with the Development to be performed in compliance with (i) all applicable laws, ordinances, rules and regulations of federal, state, Authority or municipal governments or agencies now in force or that may be enacted hereafter, including (without limitation and where applicable) the prevailing wage provisions of the federal Davis-Bacon Act and implementing rules and regulations, (ii) the HUD quality standards set out in 24 CFR 882.109 and the cost-effective and energy conservation and effectiveness standards in 24 CFR 39, and (iii) all directions, rules and regulations of any fire marshal, health officer, building inspector, or other officer of every governmental agency now having or hereafter acquiring jurisdiction. The work shall proceed only after procurement of each permit, license, or other authorization that may be required by any governmental agency having jurisdiction for the construction work then being undertaken, and Borrower shall be responsible to the Lender for the procurement and maintenance thereof, as may be required of Borrower and all entities engaged in work on the Development.

Section 3.8 Marketing Plan.

(a) No later than six (6) months prior to the projected date of the completion of the Development, Borrower shall submit to the Lender for approval its plan for marketing the Development to income-eligible households as required pursuant to the Management Plan and Applicable Public Housing Requirements, including information on affirmative marketing efforts and compliance with fair housing laws.

(b) Upon receipt of the Marketing Plan, the Lender shall promptly review the Marketing Plan and shall approve or disapprove it within thirty (30) days after submission. If the Marketing Plan is not approved, Borrower shall submit a revised Marketing Plan within thirty (30) days which shall be responsive to the reasons given by Lender for disapproval of the original Marketing Plan and continue to negotiate in good faith to arrive at an agreed upon plan.

Section 3.9 Equal Opportunity.

The Borrower, for itself and its successors and assigns, and transferees agrees that in the construction of the Development:

(a) It will not discriminate against any employee or applicant for employment because of race, color, religion, creed, national origin, ancestry, disability, medical condition, age, marital status, sex, sexual preference/orientation, Acquired Immune Deficiency Syndrome (AIDS) acquired or perceived, or retaliation for having filed a discrimination complaint (nondiscrimination factors). The Borrower will take affirmative action to ensure that applicants are considered for employment by the Borrower without regard to the nondiscrimination factors, and that Borrower's employees are treated without regard to the nondiscrimination factors during employment including, but not limited to, activities of: upgrading, demotion or transfer; recruitment or recruitment advertising, layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Borrower agrees to post in conspicuous places, available to its employees and applicants for employment, the applicable nondiscrimination clause set forth herein:

(b) It will ensure that its solicitations or advertisements for employment are in compliance with the aforementioned nondiscrimination factors; and

(c) It will cause the foregoing provisions to be inserted in all contracts for the construction of the Development entered into after the effective date of this Agreement; provided, however, that the foregoing provisions shall not apply to contracts or subcontracts for standard commercial supplies or raw materials.

Section 3.10 Minority and Women-Owned Contractors.

(a) Borrower will use its best efforts to afford minority-owned and women-owned business enterprises the maximum practicable opportunity to participate in the construction of the Development. Borrower shall, at a minimum, notify applicable minority-owned and women-owned business firms located in the City of bid opportunities for the construction of the Development. A listing of minority-owned and women-owned businesses located in the City and neighboring counties is available from the Authority. Documentation of such notifications shall be maintained by Borrower and available to the Lender as requested.

(b) Borrower will comply with the Authority's Affirmative Action Requirements attached hereto as Exhibit C.

(c) Borrower will comply with the Authority's Resident Hiring Plan, attached hereto as Exhibit D.

Section 3.11 Progress Reports.

Until such time as Borrower has completed the Development, Borrower shall provide the Lender with monthly progress reports regarding the status of the construction of the Development, including a certification that the actual construction costs to date conform to the Approved Development Budget, as it may be amended from time to time pursuant to Section 3.15 below. This provision shall be satisfied by submission of the monthly draw request, or a copy thereof, to the Lender.

Section 3.12 Construction Responsibilities.

(a) It shall be the responsibility of Borrower to coordinate and schedule the work to be performed so that commencement and completion of construction will take place in accordance with this Agreement.

(b) Borrower shall be solely responsible for all aspects of Borrower's conduct in connection with the Development, including (but not limited to) the quality and suitability of the plans and specifications, the supervision of construction work, and the qualifications, financial condition, and performance of all architects, engineers, contractors, subcontractors, suppliers, consultants, and property managers, and the Lender reserves the right to review and inspect such work after reasonable notice to the Borrower. Any review or inspection undertaken by the Lender with reference to the Development is solely for the purpose of determining whether Borrower is properly discharging its obligations to the Lender, and should not be relied upon by Borrower or by any third parties as a warranty or representation by the Lender as to the quality of the design or construction of the Development.

Section 3.13 Mechanics Liens, Stop Notices, and Notices of Completion.

(a) If any claim of lien is filed against the Property or a stop notice affecting the Loan is served on the Lender, Authority or any other lender or other third party in connection with the Development, then Borrower shall, within twenty (20) days after such filing or service, either pay and fully discharge the lien or stop notice, effect the release of such lien or stop notice by delivering to the Lender or Authority, as applicable, a surety bond in sufficient form and amount, or provide the Lender or Authority, as applicable, with other assurance satisfactory to the Lender or Authority, as applicable, that the claim of lien or stop notice will be paid or discharged, provided that the Lender or Authority, as applicable, provides written notice of such claim of lien or stop notice to the Borrower promptly upon receipt by the Lender or Authority, as applicable.

(b) If Borrower fails to discharge any lien, encumbrance, charge, or claim in the manner required in this Section, then in addition to any other right or remedy, the Lender or Authority may (but shall be under no obligation to) discharge such lien, encumbrance, charge, or claim at Borrower's expense. Alternately, the Lender or Authority may require Borrower to immediately deposit with the Lender or Authority, as applicable, the amount necessary to satisfy such lien or claim and any costs, pending resolution thereof. The Lender or Authority, as applicable, may use such deposit to satisfy any claim or lien that is adversely determined against Borrower.

(c) Borrower shall file a valid notice of cessation or notice of completion upon cessation of construction on the Development for a continuous period of thirty (30) days or more, except in the event such cessation of construction is caused by adverse weather conditions, and shall take all other reasonable steps to forestall the assertion of claims of lien against the Property. Borrower authorizes the Lender or Authority, but without any obligation, to record any notices of completion or cessation of labor, or any other notice that the Lender or Authority, as applicable, deem necessary or desirable to protect its interest in the Development and Property.

Section 3.14 Inspections.

Borrower shall, upon written request, permit and facilitate, and shall require its contractors to permit and facilitate, observation and inspection at the Development by the Lender and by public authorities during reasonable business hours for the purposes of determining compliance with this Agreement.

Section 3.15 Approved Development Budget; Revisions to Budget.

As of the date of this Agreement, the Lender has approved the Approved Development Budget set forth in Exhibit B. Borrower shall submit any required amendments to the Approved Development Budget to the Lender for approval monthly if actual costs of the Development vary or will vary from the costs shown on the Approved Development Budget. Written consent of the Lender shall be required to amend the Approved Development Budget, including extensions of the term or any variations in the amount of the Permanent Loan as shown in the Approved Development Budget.

Section 3.16 Developer Fee.

Developer shall receive a Developer Fee payable from available sources in the amounts and at times to be shown on final Development Budgets, in the Mixed Finance ACC Amendment, and on draw schedules to be entered into between the Borrower and its lenders, including the Lender. The total amount of the Developer Fee shall not exceed $2,200,000 or such lesser amount approved by the California Tax Credit Allocation Committee, subject to any restrictions imposed by any other public agency, but in no event shall the total Developer Fee exceed nine percent (9%) of total project costs, as defined by HUD. The Developer Fee will be paid solely out of owner equity, sales proceeds, private debt or other non-HUD Funds, and shall not be an obligation of the Lender. The parties recognize that the amount and timing of fees will require the agreement of other financing sources and investors, including HUD.

Section 3.17 Capital Contributions.

The Borrower shall cause its limited partner to make the capital contribution described in subsection 1.1(g)(v) above, pursuant to the terms of the Borrower's partnership agreement, and shall utilize such funds to pay costs of the Development, consistent with the Approved Development Budget.

Section 3.18 Guaranty.

MHDC shall provide a performance and completion guaranty to the Lender in a form to be approved by the Lender in its reasonable discretion.

ARTICLE 4 LOAN REQUIREMENTS

Section 4.1 Compliance with Lease, Regulatory and Operating Agreement.

Borrower shall comply with the terms of the Lease and the Regulatory and Operating Agreement and any breach under the Lease and Regulatory and Operating Agreement, subject to the notice and cure periods set forth in Section 5.1(c) below, shall be considered a Default under this Agreement.

Section 4.2 Special HUD Provisions.

The Lender and Borrower hereby acknowledge that 148 units in the Development are public housing units and are subject to all requirements applicable to public housing units under the Act, including, without limitation, requirements with respect to operating receipts and operating expenditures as contained in the ACC. Notwithstanding any provisions to the contrary herein, in the event of any conflict between a provision contained in this Agreement, and a requirement set forth in (i) the Regulatory and Operating Agreement; or (ii) the ACC, Mixed Finance ACC Amendment and HOPE VI Grant Agreement, and any other Federal statutes, regulations and executive orders, all of which shall be referred to herein as Federal Requirements, except as such requirements may have been expressly waived in writing by HUD, the Federal Requirements shall in all instances be deemed to be controlling. The approval by HUD of the Mixed Finance ACC Amendment, and any evidentiary materials submitted pursuant thereto, including but not limited to this Agreement, shall not be deemed in any way to be HUD approval for this Agreement to amend, modify or alter said Regulatory and Operating Agreement or Federal Requirements. This Agreement may not be amended in any way that in the opinion of HUD may adversely affect the continued maintenance and operation of the 148 public housing units as public housing without the prior written approval of HUD.

Section 4.3 Financial Accountings and Post-Completion Audits.

No later than sixty (60) days following full occupancy of the Development, Borrower shall provide to Lender a financial accounting of all sources and uses of funds for the Development. No later than twelve (12) months after the end of the initial operating period, as defined in 24 CFR 941.404(a), as that provision may be amended from time to time, Borrower shall submit an audited financial report showing the sources and uses of all funds utilized for the Development.

Section 4.4 Information.

Borrower shall provide any information reasonably requested by the Lender in connection with the Development, including (but not limited to) any information required by HUD in connection with Borrower's use of the Loan funds.

Section 4.5 Records.

(a) Subject to any HUD requirements, Borrower shall maintain complete, accurate, and current records pertaining to the Development for a period of five (5) years after the creation of such records, and shall permit any duly authorized representative of the Lender to inspect and copy records. Such records shall include all invoices, receipts, and other documents related to expenditures from the Loan funds. Records must be kept accurate and current.

(b) The Lender shall notify Borrower of any records it deems insufficient. Borrower shall have thirty (30) calendar days after the receipt of such a notice to correct any deficiency in the records specified by the Lender in such notice, or if a period longer than thirty (30) days is reasonably necessary to correct the deficiency, then Borrower shall begin to correct the deficiency within thirty (30) days and correct the deficiency as soon as reasonably possible.

Section 4.6 Audits.

Borrower shall make available for examination at reasonable intervals and during normal business hours to Lender all books, accounts, reports, files, and other papers or property with respect to all matters covered by this Agreement, and shall permit Lender to audit, examine, and make excerpts or transcripts from such records upon reasonable prior notice from Lender. Lender may make audits of any conditions relating to this Agreement.

Section 4.7 HOPE VI Requirements.

(a) Borrower shall comply with all applicable laws, regulations and administrative requirements governing the use of the Loan funds. In the event of any conflict between this Agreement and applicable laws, regulations and administrative requirements governing the use of the Loan funds, the applicable laws, regulations and administrative requirements shall govern.

(b) The laws, regulations and administrative requirements governing the use of the Loan funds include (but are not limited to) the following:

(i) Environmental and Historic Preservation. Section 104(f) of the Housing and Community Residence Act of 1974 and 24 CFR Part 58, which prescribe procedures for compliance with the National Environmental Policy Act of 1969 (42 U.S.C. 4321-4361), and the additional laws and authorities listed at 24 CFR 58.5.

(ii) Applicability of OMB Circulars. The applicable policies, guidelines, and requirements of OMB Circulars Nos. A-87, A-102, Revised, A-110 and A-122.

(iii) Architectural Barriers. The requirements of the Architectural Barriers Act of 1968 (42 U.S.C. 4151-4157).

(iv) Lead-Based Paint. The requirement of the Lead-Based Paint Poisoning Prevention Act, as amended (42 U.S.C. 4821 et seq.) and implementing regulations at 24 CFR Part 35.

(v) Relocation. The requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, and similar state laws. If and to the extent that development of the Development results in the permanent or temporary displacement of residential tenants, homeowners, or businesses, then Borrower shall comply with all applicable local, state, and federal statutes and regulations with respect to relocation planning, advisory assistance, and payment of monetary benefits. Borrower shall be solely responsible for payment of any relocation benefits to any displaced persons and any other obligations associated with complying with such relocation laws. Notwithstanding this requirement, Authority is responsible for all relocation activities with regard to residents of the former public housing units located on the Property.

(vi) Handicap Discrimination. The requirements of Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), and federal regulations issued pursuant thereto, which prohibit discrimination against the handicapped in any federally assisted program, and the applicable requirements of Title II and/or Title III of the Americans with Disabilities Act of 1990 (42 U.S.C. 12131 et seq.).

(vii) Training Opportunities. The requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701, requiring that to the greatest extent feasible opportunities for training and employment be given to lower income residents of the project area and agreements for work in connection with the project be awarded to business concerns which are located in, or owned in substantial part by persons residing in, the areas of the project. Borrower agrees to incorporate the following language in all subcontracts included within the definition of a Section 3 covered contract at 24 CFR 135.5 and executed under this Agreement:

> "The work to be performed under this agreement is a project assisted under a program providing direct federal financial assistance from HUD and is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended 12 U.S.C. 1701. Section 3 requires that to the greatest extent feasible opportunities for training and employment be given to lower income residents of the project area and agreements for work in connection with the project be awarded to business concerns which are located in, or owned in substantial part by persons residing in, the areas of the project."

(viii) Davis-Bacon Act. The prevailing wage requirements of the Davis-Bacon Act and implementing regulations.

(ix) Drug Free Workplace. The requirements of the Drug Free Workplace Act of 1988 (P.L. 100-690) and implementing regulations at 24 CFR Part 24.

(x) Public Housing Requirements. The requirements of the Act and HUD regulations thereunder, the Quality Housing and Work Responsibility Act of 1998, Public Law 105-276, and regulations thereunder, the Mixed Finance Regulations at 24 CFR Part 941, any other federal laws and regulations thereunder pertaining to public housing, Executive Orders, the ACC, the HOPE VI Grant Agreement, the Declaration of Trust, and all documents incorporated into any of them by amendment, exhibit, or reference, as those requirements may be waived or amended from time to time. In the event of any conflict among the foregoing authorities, the Act and the ACC (including any waivers granted pursuant thereto or pursuant to HUD regulations applicable to privately-owned mixed-income communities such as the Development) shall control.

(xi) HUD Regulations. Any other HUD regulations present or as may be amended, added, or waived in the future pertaining to the Loan funds, including but not limited to HUD regulations as may be promulgated regarding subrecipients.

Section 4.8 Hazardous Materials.

(a) Certain Covenants and Agreements.The Borrower hereby covenants and agrees that:

(i) The Borrower shall not knowingly permit the Development or any portion thereof to be a site for the use, generation, treatment, manufacture, storage, disposal or transportation of Hazardous Materials or otherwise knowingly permit the presence of Hazardous Materials in, on or under the Development in violation of any applicable law; provided however that, for the purposes of this subsection (a) only, the term "Hazardous Materials" shall not include: materials located in, on or under the Property as of the date hereof; reasonable quantities of gardening materials, household products, construction supplies and materials, office supply products or janitorial supply products of the type customarily used in construction, maintenance, demolition, or associated with buildings and grounds, or typically used in household activities or the commercial establishments on the Property, so long as used in a lawful manner; certain substances which may contain chemicals listed by the State of California pursuant to Health and Safety Code Sections 25249.8 et seq., which substances are commonly used in reasonable quantities and in a lawful manner by a significant portion of the population living within the region of the Property.

(ii) The Borrower shall keep and maintain the Development and each portion thereof in compliance with, and shall not cause or permit the Development or any portion thereof to be in violation of, any Hazardous Materials Laws;

(iii) Upon receiving actual knowledge of the same the Borrower shall immediately advise the Lender in writing of: (A) any and all enforcement, cleanup, removal or other governmental or regulatory actions instituted, completed or threatened against the Borrower or the Development pursuant to any applicable Hazardous Materials Laws; (B) any and all claims made or threatened by any third party against the Borrower or the Development relating to damage, contribution, cost recovery, compensation, loss or injury resulting from any Hazardous Materials (the matters set forth in the foregoing clause (A) and this clause (B) are hereinafter referred to as "Hazardous Materials Claims"); (C) the presence of any Hazardous Materials in, on or under the Development in such quantities which require reporting to a government agency; or (D) the Borrower's discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Development classified as "borderzone property" under the provisions of California Health and Safety Code, Sections 25220 et seq., or any regulation adopted in accordance therewith, or to be otherwise subject to any restrictions on the ownership, occupancy, transferability or use of the Development under any Hazardous Materials Laws. If the Lender reasonably determines that the Borrower is not adequately responding to a Hazardous Material Claim, the Lender shall have the right to join and participate in, as a party if it so elects, any legal proceedings or actions initiated in connection with any such Hazardous Materials Claims and to have its reasonable attorney's fees in connection therewith paid by the Borrower.

(iv) Without the Lender's prior written consent, which shall not be unreasonably withheld or delayed, the Borrower shall not take any remedial action in response to the presence of any Hazardous Materials on, under, or about the Development (other than in emergency situations or as required by governmental agencies having jurisdiction), nor enter into any settlement agreement, consent decree, or other compromise in respect to any Hazardous Materials Claims.

(b) The Borrower hereby acknowledges and agrees that the Borrower's duties, obligations and liabilities under this Agreement are in no way limited or otherwise affected by any information the Borrower may have concerning the Development and/or the presence within the Development of any Hazardous Materials, whether the Lender obtained such information from the Borrower or from its own investigations.

(c) The Borrower hereby agrees to indemnify, protect, hold harmless and defend the Lender, its board members, officers, directors, employees, insurers, sureties, attorneys, agents and contractors, from and against any and all claims, demands, losses, damages, liabilities, fines, penalties, charges, causes of action, administrative and judicial proceedings and orders, settlements, judgments, remedial action requirements, enforcement actions of any kind, and all costs and expenses incurred in connection therewith (including, but not limited to, attorneys' fees, expert witness fees and costs) (hereinafter, "Claims"), arising directly or indirectly, in whole or in part, out of: (1) any action or omission of the Borrower or any other person or entity acting under the authority or control of the Borrower, other than any indemnitee, relating to Hazardous Materials on, under or about the Development, including the failure to comply with any Hazardous Materials Law or relating in any way whatsoever to the handling, treatment, presence, removal, storage, decontamination, cleanup, transportation or disposal of Hazardous Materials into, on, under or from the Development but excluding any matter with respect to Known Hazardous Materials covered by the Lender's Indemnity provided under Section 4.8(e); or (2) the presence in, on or under the Development of any Hazardous Materials or any releases or discharges of any Hazardous Materials into, on, under or from the Development, excluding any pre-existing Hazardous Materials on the Property identified in the Site Mitigation Plan attached hereto as Exhibit E, as that plan may be mutually amended by the parties ("Known Hazardous Materials") (except to the extent that any Claim in connection with Known Hazardous Materials results from the negligent act or omission of the Borrower). The Borrower shall not be obligated to indemnify the Lender under this provision with respect to, and to the extent of, the negligence or willful misconduct of the Lender, its contractors, anyone directly or indirectly employed by them or anyone for whose acts they may be liable.

(d) The Lender hereby agrees to indemnify, protect, hold harmless and defend Borrower, its partners, shareholders, officers, directors, employees, insurers, sureties, attorneys, agents and contractors, from and against any and all claims, demands, losses, damages, liabilities, fines, penalties, charges, causes of action, administrative and judicial proceedings and orders, settlements, judgments, remedial action requirements, enforcement actions of any kind, and all costs and expenses incurred in connection therewith (including, but not limited to, attorneys' fees, expert witness fees and costs), arising out of the presence of any Known Hazardous Materials on the Property; provided, however, that the Lender shall not be obligated to indemnify Borrower under this provision with respect to, or to the extent of, the negligence or willful misconduct of the Borrower, its contractors, anyone directly or indirectly employed by them or anyone for whose acts they may be liable.

(e) Borrower hereby acknowledges and agrees that (i) this Section is intended as the Lender's written request for information (and Borrower's response) concerning the environmental condition of the Property as required by California Code of Civil Procedure Section 726.5, and (ii) each representation and warranty in this Agreement (together with any indemnity obligation applicable to a breach of any such representation and warranty) with respect to the environmental condition of the Property is intended by the Parties to be an "environmental provision" for purposes of California Code of Civil Procedure Section 736.

Section 4.9 Maintenance and Damage.

(a) During the course of both construction and operation of the Development, Borrower shall maintain the Development and the Property in good repair and in a neat, clean and orderly condition. If there arises a condition in contravention of this requirement, and if Borrower has not cured such condition within thirty (30) days after receiving a Lender notice of such a condition or such longer period as is reasonably necessary if Borrower is diligently prosecuting such cure to completion, and Borrower has not initiated diligent efforts to cure such condition within such period, then in addition to any other rights available to the Lender, the Lender shall have the right to perform all acts necessary to cure such condition, and to establish or enforce a lien or other encumbrance against the Property.

Subject to the requirements of senior lenders, and if economically feasible in the Lender’s and Borrower's reasonable judgment, if any improvement now or in the future on the Property is damaged or destroyed, then Borrower shall, at its cost and expense, diligently undertake to repair or restore such improvement consistent with the plans and specifications approved by the Lender with such changes as have been approved by the Lender. Such work or repair shall be commenced no later than the later of one hundred twenty (120) days after the damage or loss occurs or thirty (30) days following receipt of the insurance proceeds, and shall be complete within one (1) year thereafter or such longer time as is reasonably necessary, so long as Borrower diligently proceeds to completion.

(b) Notwithstanding anything to the contrary contained herein or in any of the documents evidencing or securing the Loan, in the event of a casualty to the Property (or any portion thereof) or a condemnation affecting the Property or any portion thereof:

(i) If, as reasonably determined by Lender and Borrower and approved by HUD in accordance with the Mixed Finance ACC Amendment, it is economically feasible to restore the Property to a physical condition substantially the same or functionally equivalent to that which existed prior to such casualty or condemnation, then, subject to the rights of senior lenders (and unless Lender and Borrower agree otherwise), Borrower shall deposit the insurance or condemnation proceeds, as applicable, into an account created by Borrower to be disbursed for reconstruction of the Property in accordance with such commercially reasonable construction disbursement requirements and procedures as Lender shall require.

(ii) If, as reasonably determined by Lender and Borrower and approved by HUD in accordance with the Mixed Finance ACC Amendment, it is not economically feasible to restore the Property to a physical condition substantially the same or functionally equivalent to that which existed prior to such casualty or condemnation, then, subject to the rights of senior lenders, any insurance and condemnation proceeds shall be disbursed to the Lender to satisfy the outstanding indebtedness; provided, however, that notwithstanding anything to the contrary herein, any insurance and condemnation proceeds shall be utilized in a manner consistent with the Mixed Finance ACC Amendment.

Section 4.10 Replacement Reserve.

The Borrower shall deposit into a replacement reserve account at least $350 per unit per year, for each of the 148 Project Units. Such amount shall be deposited annually no later than the time period set out in Section 7.4 of the Regulatory and Operating Agreement. Use of the funds held in the replacement reserve account shall be governed by Section 5.6 of the Regulatory and Operating Agreement.

Section 4.11 Fees and Taxes.

Borrower shall be solely responsible for payment of all fees, assessments, taxes, charges, and levies imposed by any public authority or utility company with respect to the Property or the Development to the extent owned by Borrower, and shall pay such charges prior to delinquency. However, Borrower shall not be required to pay and discharge any such charge so long as (a) the legality thereof is being contested diligently and in good faith and by appropriate proceedings, and (b) if requested by the Lender, Borrower deposits with the Lender any funds or other forms of assurance that the Lender in good faith from time to time determines appropriate to protect the Lender from the consequences of the contest being unsuccessful.

Section 4.12 Notice of Litigation.

Borrower shall promptly notify the Lender in writing of any litigation materially affecting Borrower or the Property and of any claims or disputes that involve a material risk of such litigation.

Section 4.13 Operation of Development as Affordable Housing Rental Development.

(a) Promptly after completion of construction, the Borrower shall operate the Development as an affordable housing rental development consistent with (i) Applicable Public Housing Requirements, (ii) HUD's requirements for use of the Loan Funds, (iii) the Lease, (iv) and the Management Plan, provided that the Applicable Public Housing Requirements apply only to the Project Units.

(b) Before leasing any Project Unit in the Development, the Borrower shall submit its proposed form of lease agreement for the Lender's review and approval. The term of the form of lease agreement for the Project Unit shall be for no less than one (1) year, except by mutual agreement between Borrower and the tenant, and shall not contain any provision which is prohibited by Applicable Public Housing Requirements. For a Project Unit, any Borrower termination of a lease agreement or refusal to renew must be in conformance with Applicable Public Housing Requirements, and must be preceded by not less than thirty (30) days written notice to the tenant by the Borrower specifying the grounds for the action.

Section 4.14 Nondiscrimination.

The Borrower covenants by and for itself and its successors and assigns that there shall be no unlawful discrimination against or segregation of a person or of a group of persons on account of race, color, religion, creed, age, disability, sex, sexual orientation, marital status, ancestry or national origin in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, nor shall the Borrower or any person claiming under or through the Borrower establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the Property. The foregoing covenant shall run with the land.

Section 4.15 Transfer.

(a) For purposes of this Agreement, "Transfer" shall mean any sale, assignment, transfer, refinancing, or further encumbrancing, whether voluntary or involuntary, of (i) any rights and/or duties under this Agreement, (ii) any interest in Borrower, and/or (iii) any interest in the Development, including (but not limited to) a fee simple interest, a joint tenancy interest, a life estate, a partnership interest, a leasehold interest, a security interest, or an interest evidenced by a land contract by which possession of the Development is transferred and Borrower retains title. The term "Transfer" shall exclude the Borrower's substitution of general partner interest described in Section 2.9 hereof and the leasing of any single unit in the Development to an occupant in compliance with any recorded restrictions which are applicable to such unit.

(b) Except as provided in the Lease, no Transfer shall be permitted without the prior written consent of the Lender and HUD, which the Lender and HUD may withhold in their discretion. The Loan shall automatically accelerate and be due in full upon any unauthorized Transfer.

(c) The Lender approves the grant of the security interests in the Property described in Section 1.1(g) above.

Section 4.16 Insurance Requirements.

During the Term, Borrower shall keep and maintain in force, at no cost or expense to the Lender, the following insurance, all of which shall be provided by companies and/or agencies licensed to do business in the State of California:

(a) Premises Insurance. Property insurance covering the risks of physical loss or damage to any portion of the Development, with limits of not less than one hundred percent (100%) of the "full replacement value" thereof, which insurance shall be provided by Borrower upon Closing. Such policies shall be provided with the perils insured under the standard "Causes of Loss--Special Form"(the "Special Form") and shall include, but shall not be limited to, coverage for fire, extended coverage, vandalism, malicious mischief and windstorm. Perils customarily excluded from the Special Form, e.g., earthquake and flood, may be excluded. The term "full replacement value" shall exclude the cost of excavation, foundations and footings. The amount of such insurance shall be adjusted by reappraisal of the Development by the insurer or its designee not more than once every five (5) years after construction during the Term, if requested in writing by Lender.

(b) General Liability Insurance. Commercial general liability and automobile liability insurance, covering loss or damage resulting from accidents or occurrences on or about or in connection with the Development or any work, matters or things under, or in connection with, or related to this Agreement, with personal injury, death and property damage combined single limit liability of not less than Five Million Dollars ($5,000,000) per occurrence and in the aggregate for general liability and Five Million Dollars ($5,000,000) for automobile liability for each accident. Coverage under any such policies shall include, but shall not be limited to, operations, contractual, elevators, owner's and contractor's protective, products and completed operations, and the use of all owned, nonowned and hired vehicles.

(c) Workers' Compensation Insurance. Borrower shall carry or cause to be carried Workers' Compensation insurance with limits as required by the State of California and Employer's Liability limits of $1,000,000 for bodily injury by accident and $1,000,000 per person and in the annual aggregate for bodily injury by disease covering all persons employed by Borrower in connection with the Development and with respect to whom death, bodily injury, or sickness insurance claims could be asserted against Lender or Borrower.

(d) Builders' Risk Insurance. As of Closing, during the course of any alteration, construction or reconstruction of the Development, the cost of which exceeds One Hundred Thousand Dollars ($100,000), Borrower shall provide builders' risk insurance for not less than the value of the construction contract, insuring the interests of Lender, Borrower and any contractors and subcontractors. Coverage shall be for the same perils required in subsection (a) above.

(e) General Requirements. All policies described in this Section 4.16 shall include Lender and Borrower, together with any leasehold mortgagees, as additional insureds, as their respective interests may appear. Borrower shall cause any general contractor or agent working on the Development under direct contract with the Borrower, and any subcontractors to such general contractors or agents, to maintain insurance of the types and in at least the minimum amounts described herein, except that the minimum limit of liability for general liability insurance for subcontractors shall be One Million Dollars ($1,000,000), and shall require that such insurance shall meet all of other requirements described herein. All policies described in this Section 4.16 shall contain (a) the agreement of the insurer to give Lender and each leasehold mortgagee, as applicable, at least thirty (30) days' notice prior to cancellation (including, without limitation, for non-payment of premium) or any material change in said policies; (b) an agreement that such policies are primary and non-contributing with any insurance that may be carried by Lender; (c) a provision that no act or omission of Borrower shall affect or limit the obligation of the insurance carrier to pay the amount of any loss sustained; (d) a waiver by the insurer of all rights of subrogation against Lender and its authorized parties in connection with any loss or damage thereby insured against; and (e) terms providing that any loss covered by such insurance may be adjusted with Lender and Borrower, but shall be payable to the holder of any leasehold mortgage, who shall agree to receive and disburse all proceeds of such insurance, subject to the duty of Borrower to repair or restore, as set forth in Section 4.9 hereof.

(f) Evidence of Insurance. Certificates of insurance for all insurance required to be maintained by Borrower prior to Closing under this Section 4.16 shall be furnished by Borrower to Lender on or before the date of this Agreement. Lender reserves the right to require complete, certified copies of all required insurance policies, including endorsements demonstrating the coverage required by this Agreement at any time.

(g) Failure to Maintain. If Borrower fails to maintain such insurance, Lender, at its election, may procure such insurance as may be necessary to comply with the above requirements (but shall not be obligated to procure same), and Borrower agrees to repay to Lender the cost of such insurance.

(h) Acceptability of Insurers. Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A: VII.

ARTICLE 5 DEFAULT AND REMEDIES.

Section 5.1 Events of Default.

Each of the following shall constitute a "Default" by Borrower under this Agreement:

(a) Failure to Construct. Subject to Section 6.15, failure of Borrower to commence and complete construction of the Development within ninety (90) days of the times set forth in Article 3 above, unless extended by the Lender;

(b) Failure to Make Payment. Failure to repay the principal and any interest on the Loan within fifteen (15) days of receipt of written notice from the Lender that such payment is due pursuant to the Loan Documents.

(c) Breach of Covenants. Failure by Borrower to duly perform, comply with, or observe any of the conditions, terms, or covenants of any of the Loan Documents, and such failure having continued uncured for thirty (30) days after receipt of written notice thereof from the Lender to the Borrower or, if the breach cannot be cured within thirty (30) days, the Borrower shall not be in breach so long as Borrower is diligently undertaking to cure such breach and such breach is cured within ninety (90) days; provided, however, that if a different period or notice requirement is specified under any other section of this Article 5, the specific provisions shall control.

(d) Default Under Other Loans. Failure to make any payment or perform any of Borrower's covenants, agreements, or obligations under the documents evidencing and securing the Approved Financing following expiration of all applicable notice and cure periods.

(e) Insolvency. A court having jurisdiction shall have made or entered any decree or order (i) adjudging Borrower or Borrower's general partner to be bankrupt or insolvent, (ii) approving as properly filed a petition seeking reorganization of Borrower or Borrower's general partner or seeking any arrangement for Borrower or Borrower's general partner under the bankruptcy law or any other applicable debtor's relief law or statute of the United States or any state or other jurisdiction, (iii) appointing a receiver, trustee, liquidator, or assignee of Borrower or Borrower's general partner in bankruptcy or insolvency or for any of their properties, (iv) directing the winding up or liquidation of Borrower or Borrower's general partner, if any such decree or order described in clauses (i) to (iv), inclusive, shall have continued unstayed or undischarged for a period of ninety (90) days; or (v) Borrower or Borrower's general partner shall have admitted in writing its inability to pay its debts as they fall due or shall have voluntarily submitted to or filed a petition seeking any decree or order of the nature described in clauses (i) to (iv), inclusive, which admission, decree or order shall have continued unstayed or undischarged for a period of ninety (90) days; or is otherwise unapproved by the Lender. The occurrence of any of the events of Default in this paragraph shall act to accelerate automatically, without the need for any action by the Lender, the indebtedness evidenced by the Note.

(f) Assignment; Attachment. Borrower or Borrower's general partner shall have assigned its assets for the benefit of its creditors or suffered a sequestration or attachment of or execution on any substantial part of its property, unless the property so assigned, sequestered, attached or executed upon shall have been returned or released within ninety (90) days after such event or, if sooner, prior to sale pursuant to such sequestration, attachment, or execution. The occurrence of any of the events of default in this paragraph shall act to accelerate automatically, without the need for any action by the Lender, the indebtedness evidenced by the Note.

(g) Suspension; Termination. Borrower or Borrower's general partner shall have voluntarily suspended its business or, if Borrower is a partnership, the partnership shall have been dissolved or terminated, other than a technical termination of the partnership for tax purposes.

(h) Liens on Property and the Development. There shall be filed any claim of lien (other than liens approved in writing by the Lender) against the Development or any part thereof, or any interest or right made appurtenant thereto, or the service of any notice to withhold proceeds of the Loan and the continued maintenance of said claim of lien or notice to withhold for a period of twenty (20) days without discharge or satisfaction thereof or provision therefor (including, without limitation, the posting of bonds) satisfactory to the Lender.

(i) Condemnation. The condemnation, seizure, or appropriation of all or the substantial part of the Property and the Development, and restoration or rebuilding is infeasible in the reasonable discretion of the Lender.

(j) Unauthorized Transfer. Any Transfer other than as permitted by Section 4.15.

(k) Representation or Warranty Incorrect. Any Borrower representation or warranty contained in this Agreement, or in any application, financial statement, certificate, or report submitted to the Lender in connection with any of the Loan Documents, proving to have been knowingly incorrect in any material respect when made. After completion of the Development, Default may be declared under this subsection only if the failure of representation or warranty also has a material adverse effect on the operation of the Development.

Section 5.2 Notice to Investor.

Lender shall give to Investor at the address set forth in Section 6.9 hereof a duplicate copy of all notices of default or other notices that Lender may give to or serve in writing upon Borrower pursuant to the terms of this Agreement. The address of Investor set forth in Section 6.9 may be changed upon written notice delivered to Lender in the manner specified in Section 6.9 herein below. No notice of default given to Borrower shall be effective until the Investor receives such notice. Lender shall provide to Citibank a copy of any notice of default which is given to Investor under Section 5.2 or 5.3 of this Agreement.

Section 5.3 Right of Investor to Cure.

Notwithstanding any default by Borrower under this Agreement, Lender shall have no right to terminate this Agreement or exercise any remedies hereunder or under applicable law or take any other enforcement action hereunder unless Lender shall have first given Investor written notice of such default and Investor shall have failed to remedy such default or remove the general partner within the time periods specified by this Section.

Investor shall have the right, but not the obligation, at any time to pay any amounts due under this Agreement or do any act or thing required by Borrower by the terms of this Agreement, to prevent a default of this Agreement. Investor shall have ninety (90) days after receipt of notice from Lender describing such default and stating that Borrower has failed to cure such default within the time required by this Agreement to cure the default. All payments so made and all things so done shall be as effective to prevent a termination of this Agreement as the same would have been if made and performed by Borrower instead of by Investor.

In addition to the cure period provided in this Section 5.3 above, if Investor determines that in order to cure such default Investor must remove one or more general partners of Borrower pursuant to the Amended and Restated Agreement of Limited Partnership of Borrower, Investor shall have a reasonable time after the expiration of such ninety (90) day period within which to remove such general partners(s) and to remedy such default, provided that:

(a) Investor shall have fully cured any default in the payment of any monetary obligations of Borrower under this Agreement within such ninety (90) day period and shall continue to pay currently such monetary obligations when the same are due, and

(b) Investor shall have removed such general partner(s) or commenced to remove the general partner(s) prior to or within such period, and shall be diligently prosecuting the same.

Any default under this Agreement which by its nature cannot be remedied by Investor shall be deemed to be remedied if:

(c) within ninety (90) days after receiving written notice from Lender describing the default and Borrower's failure to cure such default, or prior thereto, Investor shall have removed the general partner(s) or commenced appropriate proceedings to remove the general partner(s),

(d) Investor shall begin and diligently continue to prosecute any such proceedings to completion,

(e) Investor shall have fully cured any default in the payment of any monetary obligations of Borrower hereunder which does not require removal of the general partner(s), and

(f) after removing the general partner(s), the Investor shall within a reasonable time cure all non-monetary defaults of Borrower hereunder capable of cure by Investor.

If Investor is prohibited, stayed or enjoined by any bankruptcy, insolvency or other judicial proceedings involving Borrower from removing the general partner(s), the times specified for such removal shall be extended for the period of such prohibition; provided that any Investor shall have fully cured any default in the payment of any monetary obligations of Borrower under this Agreement and shall continue to pay currently such monetary obligations when the same fall due; provided, further, that such Investor shall not interfere with Lender's efforts to seek compliance by the Borrower with any non-monetary obligations under this Agreement.

Section 5.4 Limitation on Liability of Investor.

Investor shall not be or become liable to Lender as an assignee of Borrower under this Agreement or otherwise unless it expressly assumes such liability by written instrument executed by Lender and Investor.

Section 5.5 Remedies.

The occurrence of any Default hereunder following the expiration of all applicable notice and cure periods will, either at the option of the Lender or automatically where so specified, relieve the Lender of any obligation to make or continue the Loan and shall give the Lender the right to proceed with any and all remedies set forth in this Agreement and the Loan Documents, including but not limited to the following:

(a) Acceleration of Note. The Lender shall have the right to cause all indebtedness of the Borrower to the Lender under this Agreement and the Note, together with any accrued interest thereon, to become immediately due and payable. The Borrower waives all right to presentment, demand, protest or notice of protest or dishonor. The Lender may proceed to enforce payment of the indebtedness and to exercise any or all rights afforded to the Lender as a creditor and secured party under the law including the Uniform Commercial Code, including foreclosure under the Deed of Trust. The Borrower shall be liable to pay the Lender on demand all reasonable expenses, costs and fees (including, without limitation, reasonable attorney's fees and expenses) paid or incurred by the Lender in connection with the collection of the Loan and the preservation, maintenance, protection, sale, or other disposition of the security given for the Loan.

(b) Specific Performance. The Lender shall have the right to mandamus or other suit, action or proceeding at law or in equity to require Borrower to perform its obligations and covenants under the Loan Documents or to enjoin acts on things which may be unlawful or in violation of the provisions of the Loan Documents.

(c) Right to Cure at Borrower's Expense. The Lender shall have the right (but not the obligation) to cure any monetary default by Borrower under a loan other than the Loan. The Borrower agrees to reimburse the Lender for any funds advanced by the Lender to cure a monetary default by Borrower upon demand therefor, together with interest thereon at the lesser of the maximum rate permitted by law or ten percent (10%) per annum from the date of expenditure until the date of reimbursement.

Section 5.6 Right of Contest.

Borrower shall have the right to contest in good faith any claim, demand, levy, or assessment the assertion of which would constitute a Default hereunder. Any such contest shall be prosecuted diligently and in a manner unprejudicial to the Lender or the rights of the Lender hereunder.

Section 5.7 Remedies Cumulative.

No right, power, or remedy given to the Lender by the terms of this Agreement or the Loan Documents is intended to be exclusive of any other right, power, or remedy; and each and every such right, power, or remedy shall be cumulative and in addition to every other right, power, or remedy given to the Lender by the terms of any such instrument, or by any statute or otherwise against Borrower and any other person. Neither the failure nor any delay on the part of the Lender to exercise any such rights and remedies shall operate as a waiver thereof, nor shall any single or partial exercise by the Lender of any such right or remedy preclude any other or further exercise of such right or remedy, or any other right or remedy.

ARTICLE 6 GENERAL PROVISIONS.

Section 6.1 Relationship of Parties.

Nothing contained in this Agreement shall be interpreted or understood by any of the Parties, or by any third persons, as creating the relationship of employer and employee, principal and agent, limited or general partnership, or joint venture between the Lender and Borrower or its agents, employees or contractors, and Borrower shall at all times be deemed an independent contractor and shall be wholly responsible for the manner in which it or its agents, or both, perform the services required of it by the terms of this Agreement. Borrower has and retains the right to exercise full control of employment, direction, compensation, and discharge of all persons assisting in the performance of services under the Agreement. In regards to the acquisition of the Property, and construction and operation of the Development, Borrower shall be solely responsible for all matters relating to payment of its employees, including compliance with Social Security, withholding, and all other laws and regulations governing such matters, and shall include requirements in each contract that contractors shall be solely responsible for similar matters relating to their employees. Borrower shall be solely responsible for its own acts and those of its agents and employees.

Section 6.2 No Claims.

Nothing contained in this Agreement shall create or justify any claim against the Lender by any person that Borrower may have employed or with whom Borrower may have contracted relative to the purchase of materials, supplies or equipment, or the furnishing or the performance of any work or services with respect to the acquisition of the Property and the construction and operation of the Development, and Borrower shall include similar requirements in any contracts entered into for the acquisition of the Property or the construction and operation of the Development.

Section 6.3 Amendments.

No alteration or variation of the terms of this Agreement shall be valid unless made in writing by the Parties.

Section 6.4 Indemnification.

The Borrower shall indemnify, defend and hold the Lender harmless against all claims made against it and expenses (including reasonable attorneys' fees) which arise out of or in connection with the acquisition of the Property, or the development, construction, marketing and operation of the Development, except to the extent such claim arises from the grossly negligent or willful misconduct of the Lender, its agents, and its employees. The provisions of this Section 6.4 shall survive the expiration of the Term and the reconveyance of the Deed of Trust.

Section 6.5 Non-Liability of Lender Officials, Employees and Agents.

No member, official, employee or agent of the Lender shall be personally liable to Borrower in the event of any default or breach by the Lender or for any amount which may become due to Borrower or its successor or on any obligation under the terms of this Agreement.

Section 6.6 No Third Party Beneficiaries.

There shall be no third party beneficiaries to this Agreement, except that the investor limited partner of the Borrower shall be a third party beneficiary with respect to notice and cure rights granted the limited partner in this Agreement.

Section 6.7 Discretion Retained By Lender.

The Lender's execution of this Agreement in no way limits the discretion of the Lender in the review and approval process in connection with development of the Development.

Section 6.8 Conflict of Interest.

(a) Except for approved eligible administrative or personnel costs, no person described in Section 6.8(b) below who exercises or has exercised any functions or responsibilities with respect to the activities funded pursuant to this Agreement or who is in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a personal or financial interest or benefit from the activity, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either for themselves or those with whom they have family or business ties, during, or at any time after, such person's tenure. Borrower shall exercise due diligence to ensure that the prohibition in this Section 6.8(a) is followed.

(b) The conflict of interest provisions of Section 6.8(a) above apply to any person who is an employee, agent, consultant, officer, or any immediate family member of such person, or any elected or appointed official of the Lender, or any person related within the third (3rd) degree of such person.

Section 6.9 Notices, Demands and Communications.

Formal notices, demands, and communications between the Parties shall be sufficiently given if and shall not be deemed given unless dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered by express delivery service, return receipt requested, or delivered personally, to the principal office of the Parties as follows:

Lender:

SFHA Housing Corporation
c/o San Francisco Housing Authority
440 Turk Street
San Francisco, CA 94102
Attention: President

Borrower:

Valencia Gardens Housing Limited Partnership
c/o Mission Housing Development Corporation
474 Valencia Street, Suite 240
San Francisco, CA 94103
Attention: Executive Director

and a copy to Investor at:

Alliant Asset Management Co., LLC
21550 Oxnard Street, Suite 1020
Woodland Hills, CA 91367
Attention: Shawn Horwitz

and a copy to Citibank (West) at:

Citibank (West), F.S.B
One Sansome Street, 26th Floor
San Francisco, California 94104
Attention: Portfolio Manager

Such written notices, demands and communications may be sent in the same manner to such other addresses as the affected Party may from time to time designate by mail as provided in this Section. Receipt shall be deemed to have occurred on the date shown on a written receipt as the date of delivery or refusal of delivery (or attempted delivery if undeliverable). Copies of notice, sent to Borrower shall also be sent to any limited partner of Borrower who requests such notice in writing and provides its address.

Section 6.10 Role of HUD.

(a) The Lender and Borrower acknowledge that any transfer of HOPE VI funds by Lender to Borrower shall not be or be deemed to be an assignment of grant funds, and Borrower shall not succeed to any rights or benefits of the Authority under the ACC or HOPE VI Grant Agreement, or attain any privileges, authorities, interests, or rights in or under the ACC or HOPE VI Grant Agreement.

(b) Nothing contained in the ACC, the HOPE VI Grant Agreement, or this Agreement nor any act of HUD, the Authority or the Lender, shall be deemed or construed to create any relationship of third-party beneficiary, principal and agent, limited or general partnership, joint venture, or any association or relationship involving HUD, except between HUD and the Authority as provided under the terms of the ACC or HOPE VI Grant Agreement.

Section 6.11 Applicable Law.

This Agreement shall be governed by California law.

Section 6.12 Parties Bound.

Except as otherwise limited herein, the provisions of this Agreement shall be binding upon and inure to the benefit of the Parties and their heirs, executors, administrators, legal representatives, successors, and assigns. This Agreement is intended to run with the land and shall bind Borrower and its successors and assigns in the Property and the Development for the entire Term, and the benefit hereof shall inure to the benefit of the Lender and its successors and assigns.

Section 6.13 Attorneys' Fees.

If any lawsuit is commenced to enforce any of the terms of this Agreement, the prevailing Party will have the right to recover its reasonable attorneys' fees and costs of suit from the other Party.

Section 6.14 Severability.

If any term of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall continue in full force and effect unless the rights and obligations of the Parties have been materially altered or abridged by such invalidation, voiding or unenforceability.

Section 6.15 Force Majeure.

In addition to specific provisions of this Agreement, performance by either Party shall not be deemed to be in default where delays or defaults are due to war; insurrection; strikes; lock-outs; riots; floods; earthquakes; fires; quarantine restrictions; freight embargoes; lack of transportation; or court order; or any other similar causes (other than lack of funds of Borrower or Borrower's inability to finance the construction of the Development) beyond the control or without the fault of the Party claiming an extension of time to perform. An extension of time for any cause will be deemed granted if notice by the Party claiming such extension is sent to the other within ten (10) days from the commencement of the cause and such extension of time is not rejected in writing by the other Party within ten (10) days of receipt of the notice. In no event shall the Lender be required to agree to cumulative delays in excess of one hundred eighty (180) days.

Section 6.16 Lender Approval.

Whenever this Agreement calls for Lender approval, consent, or waiver, the written approval, consent, or waiver of the Lender's President shall constitute the approval, consent, or waiver of the Lender, without further authorization required from the Lender's Board of Directors. The Lender hereby authorizes the Lender's President to deliver such approvals or consents as are required by this Agreement, or to waive requirements under this Agreement, on behalf of the Lender. Any consents or approvals required under this Agreement shall not be unreasonably withheld or made, except where it is specifically provided that a sole discretion standard applies. The Lender's President is also hereby authorized to approve, on behalf of the Lender, requests by Borrower for reasonable extensions of time deadlines set forth in this Agreement. The Lender shall not unreasonably delay in reviewing and approving or disapproving any proposal by Borrower made in connection with this Agreement.

Section 6.17 Waivers.

Any waiver by the Lender of any obligation or condition in this Agreement must be in writing. No waiver will be implied from any delay or failure by the Lender to take action on any breach or default of Borrower or to pursue any remedy allowed under this Agreement or applicable law. Any extension of time granted to Borrower to perform any obligation under this Agreement shall not operate as a waiver or release from any of its obligations under this Agreement. Consent by the Lender to any act or omission by Borrower shall not be construed to be a consent to any other or subsequent act or omission or to waive the requirement for the Lender's written consent to future waivers.

Section 6.18 Title of Parts and Sections.

Any titles of the sections or subsections of this Agreement are inserted for convenience of reference only and shall be disregarded in interpreting any part of the Agreement's provisions.

Section 6.19 Entire Understanding of the Parties.

This Agreement constitutes the entire understanding and agreement of the Parties with respect to the Loan.

Section 6.20 Multiple Originals; Counterpart.

This Agreement may be executed in multiple originals, each of which is deemed to be an original, and may be signed in counterparts.

Section 6.21 Exhibits.

Exhibits A through E are incorporated into and hereby made a part of this Agreement.

WHEREAS, this Agreement has been entered into by the undersigned as of the date first above written.

LENDER:

SFHA HOUSING CORPORATION, a California nonprofit public benefit corporation

By: ___________________________________
Naja Boyd

BORROWER:

VALENCIA GARDENS HOUSING LIMITED PARTNERSHIP

By: Mission Housing Development Corporation, a California nonprofit public benefit corporation, its general partner

By: ______________________________

Its: ______________________________

By: ______________________________

Its: ______________________________

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

EXHIBIT B

APPROVED DEVELOPMENT BUDGET

EXHIBIT C

AFFIRMATIVE ACTION REQUIREMENTS

EXHIBIT D

RESIDENT HIRING PLAN

EXHIBIT E

SITE MITIGATION PLAN

D-3

DRAFT REVITALIZATION SERVICES AGREEMENT

THIS AGREEMENT FOR REVITALIZATION SERVICES (the "Agreement") is made and entered into as of ____________________, 2004 by and between Mission Housing Development Corporation ("Developer"), having its principal place of business at 474 Valencia Street, San Francisco, CA 94103 and the Housing Authority of the City and County of San Francisco, a public body, corporate and politic ("Authority"), with reference to the following facts:

A. The Authority owns the property and the improvements located in the Mission District of the City and County of San Francisco between Valencia, 15th and Guerrero Streets more particularly described as Exhibit A (the "Property").

B. The Developer was selected by the Authority in accordance with U.S. Department of Housing and Urban Development ("HUD") procurement requirements described at 24 CFR 85.36 and CFR 941.602 to be the developer of the Valencia Gardens project, a mixed-finance, mixed-income development on the Property (the "Project"). The Authority and the Developer entered into a Disposition and Development Agreement dated as of December 11, 2003 ("DDA") with respect to the development, construction and operation of the Revitalization.

C. The Property was formerly occupied by a public housing development consisting of 246 rental units. All residents of the Property have been relocated.

D. Authority and United States Department of Housing and Urban Development ("HUD") have entered into that certain Urban Revitalization Demonstration Program (HOPE VI) Implementation Grant Agreement, effective as of December, 1998 (the "HOPE VI Grant Agreement"), providing for a grant in the amount of $23,230,641 to be made by HUD to Authority (the "HOPE VI Grant") to assist in the comprehensive revitalization of Valencia Gardens and the surrounding neighborhood, including the development of replacement public housing units, in partnership with third parties (the "Revitalization").

E. The Authority received $1,230,000 in HOPE VI funding for a HOPE VI Community and Supportive Services Program as part of the comprehensive HOPE VI revitalization program at Valencia Gardens. The Authority developed and has been implementing this program for Valencia Gardens residents and their families to improve sustain and the quality of their lives since 1998. This program includes assisting residents in moving from welfare to work, furthering their goals to start their own business, completing their education and job training, and providing opportunities for educating and training their children. Since HOPE VI funding for this program is nearly exhausted, the Authority has been seeking ways to leverage additional self-sufficiency services for residents.

F. Developer intends to provide certain development services for the Valencia Garden's HOPE VI Revitalization Project (the "Project"). The Project involves the demolition of 246 units and the reconstruction of approximately 260 units of housing and community spaces on the five-acre Valencia Gardens site. The 260 new housing units comprise 1, 2, 3, and 4 -BR units (the "Improvements").

G. Developer desires to contract with the Authority for the provision of the additional resident self sufficiency services ("revitalization") hereinafter described and upon the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual promises contained herein, the Authority and the Developer agree as set forth below.

Section 1.Purpose.

The purpose of this Agreement is to authorize the Developer to perform certain services for the Authority, as defined in Section 2 below, and to recognize that the Developer has already performed a portion of such services prior to the execution of this Agreement. The Developer hereby agrees to perform such services in compliance with the terms and conditions of this Agreement.

Section 2.Revitalization services.

The revitalization services performed or to be performed under this Agreement ("Revitalization Services"):

1. **Services related to relocation**

i. Work with the Housing Authority to coordinate the return of residents to the Project by conducting additional outreach to relocated tenants.

ii. Hire and oversee one Relocation Liaison to assist the Authority in surveying relocated tenants to see if the supportive services needs or family composition have changed.

iii. Organize and facilitate a "Relocation Support Committee" to provide residents moving back to Valencia Gardens with a community-based support and problem-solving forum aimed at creating a new healthy community at Valencia Gardens.

2. **Services Related to Services Plan & Programming**

i. Work with the Valencia Gardens Resident Council ("VGRC") and AUTHORITY to develop a services plan for the Valencia Gardens Residents that will live at the site upon completion of construction.

ii. Identify services providers based on programmatic needs of the residents to develop a comprehensive services and implementation plan.

iii. Coordinate the implementation of a fundraising plan for the services proposed, including the identification of potential corporate and foundation sponsors to assist with implementation of services plan and materials and development of the Learning Center.

iv. Coordinate the hiring of the tenant services coordinators and site services director with the VGRC and AUTHORITY.

v. Coordinate and develop Memorandums Of Understanding with proposed services providers and during first 3 months of rent-up coordinate with staff to begin implementation of services plan.

vi. Oversee the implementation of the services plan

3. Services related to resident empowerment

i. Organize and facilitate the existing Valencia Gardens Tenant Association (VGTA), a tenant association, and the Valencia Gardens Resident's Council (VGRC), the leadership board of the VGTA, after construction and lease up to help the VGTA accomplish resident empowerment goals.

ii. Facilitate the submittal of a Resident Opportunities Support Services Grant application to obtain funds for the VGTA to achieve a variety of resident empowerment and community building goals.

iii. Facilitate the development of strategies and resources for generating resident-owned businesses.

iv. Provide training to the VGRC in meeting facilitation and documentation.

v. Provide support to residents in their efforts to achieve self-sufficiency (resume writing, identifying community resources)

vi. Prior to and during rent-up work with the VGRC to establish a services committee to assist residents with identifying service needs.

vii. Prior to occupancy provide outreach and support services to residents for hiring and job opportunities.

vii. Develop job descriptions and work plans for tenant employees.

viii. Work with Mission Hiring Hall to have residents trained for construction related jobs during and after construction.

4. Activities related to resident community building

i. Assist the VGTA in completing an interactive display in the community center featuring the history of Valencia Gardens and its residents, and other initiatives of the residents.

ii. Support efforts of the VGTA to develop community-building activities with the tenant coordinators.

5. Services Related to Child Care Center

i. On behalf of the Authority the Developer shall identify and coordinate the selection of an appropriate child care provider and child care program.

ii. The Developer shall coordinate the design of the child care center.

Section 3. Termination of Agreement.

This Agreement shall terminate on December 31, 2007.

Section 4. Services Pursuant to Contracts.

The Developer shall use its best efforts to cause the services to be performed in accordance hereunder with the terms and conditions of any contracts executed by the Developer which authorize such services to be performed, and with the City's permits and approvals. Representatives of the Authority shall have the right to inspect and monitor the Revitalization services at reasonable times; provided, however, that the Authority shall not bear any liability or responsibility for the Revitalization services as a result of its review, approval or monitoring.

Each contract entered into by the Developer pursuant to the terms of this Agreement shall provide (1) that the Authority is a third-party beneficiary of such contract, and (2) that the contractor may seek payment under such contract only from the Developer and not from the Authority.

Section 5. Commencement of Work.

With the exception of the services already performed by Developer, as described in Section 1 above, the Developer shall commence the Revitalization services within 30 days of the effective date of this Agreement, provided that on or before such commencement, all conditions precedent to the commencement of the Revitalization services have been satisfied, including but not limited to: (i) approval of this Agreement by HUD; and (ii) evidence of all insurance required under this Agreement.

Section 6. Completion of Work.

The Developer shall use best efforts to cause the Revitalization services to be performed diligently and to be completed by the Final Completion Date. Upon completion of the

Revitalization services and upon written request of the Developer, the Authority shall inspect the Property and any other evidence of the performance of the Revitalization services. If, after such inspection, the Authority determines in its reasonable judgment that the Revitalization services has been completed, the Authority shall certify in writing that the Revitalization services has been completed.

Section 7. Developer's Compensation.

(a) Compensation. In consideration for the services provided pursuant to this Agreement, the Developer shall be paid a fee of up to Four Hundred Fifty Thousand Dollars ($450,000) payable only from and to the extent of any funds are available through cost savings or funds from development sources after all project costs have been paid.

Section 8. Compliance with Laws.

The Developer shall comply with all laws, ordinances, rules, regulations, and orders in carrying out the Revitalization services. The Developer acknowledges that this Agreement is subject to the approval of HUD.

Section 9. Equal Opportunity.

During the performance of the Revitalization services, the Developer shall not discriminate on the basis of race, color, creed, religion, sex, sexual orientation, gender identity status, age, disability, marital status, condition of Acquired Immune Deficiency Syndrome (AIDS) or AIDS-related complex, national origin or ancestry in the hiring, firing, promoting or demoting of any person engaged in the construction work. The Developer also shall adhere to the Authority's Affirmative Action/MBE/WBE/Resident Hiring policies, a copy of which is attached to the Ground Lease.

Section 10. Prevailing Wages.

To the extent required by HUD, the Developer shall pay, or cause to be paid Davis-Bacon wages for work done in connection with this Agreement. The Developer shall require its contractors performing the Revitalization services to maintain certified payrolls, and to submit copies of such certified payrolls to the Authority, upon request, in order to verify compliance with these requirements.

Section 11. Indemnification. The Developer hereby agrees to indemnify, protect, hold harmless and defend the Authority, its board members, officers, directors, employees, insurers, sureties, attorneys, agents and contractors, from and against any and all claims, demands, losses, reductions in tax credit allocations, reductions in investor's equity, reductions in mortgage loans, increases in construction costs, damages, liabilities, fines, penalties, charges, causes of action, administrative and judicial proceedings and orders, settlements, judgments, remedial action requirements, enforcement actions of any kind, and all costs and expenses incurred in connection therewith (including, but not limited to, attorneys' fees, expert witness fees and costs), arising directly or indirectly, in whole or in part, in connection with this Agreement.

Notwithstanding anything to the contrary contained in this Agreement, the Authority's indemnity under Section 3.2 of the DDA is not limited in any way by the terms of this Agreement and, except with respect to the specific tasks to be performed by the Developer with respect to relocation as enumerated in Section 2 above, the obligations of the Authority contained in the DDA with respect to relocation of residents of the Property remain unchanged and in full force and effect.

Section 12. Required Insurance Coverage.

(a) Liability and Property Damage Insurance. During the term of this Agreement, the Developer shall keep in full force and effect a policy or policies of comprehensive general liability and property damage insurance against liability for bodily injury to or death of any person or property damage arising out of an occurrence on or about the Property. The limits of such insurance shall be not less than five million dollars ($5,000,000) combined single limit for bodily injury and property damage.

(b) Workers' Compensation Insurance. The Developer shall carry or cause to be carried workers' compensation insurance covering all persons employed in connection with the Property and with respect to whom death, bodily injury, or sickness insurance claims could be asserted against Authority or the Developer.

Section 13. Insurance Policies and Premiums.

(a) All liability policies required by this Agreement shall name Authority as an additional insured. Duplicate copies of such policies or certificates of such insurance shall be promptly furnished to Authority before the commencement of the Revitalization services.

(b) To the extent obtainable, any policy of insurance shall provide that any change or cancellation of said policy must be made in writing and sent to the Developer and Authority at their respective principal offices at least thirty (30) days before the effective date of change or cancellation.

(c) Nothing herein is intended to relieve the Developer of responsibility for any increased costs of performing the Revitalization services resulting from any negligent or wrongful act or omission of the Developer, its members, affiliates, agents, contractors, subcontractors or employees.

Section 14. Default.

Any failure of either party to observe and perform any covenant, condition or agreement hereunder on its part to be performed shall constitute a default hereunder. Whenever any default shall have occurred and not be cured as provided in Section 15 of this Agreement, the nondefaulting party may take whatever action at law or in equity as may appear reasonably necessary to enforce performance or observance of any obligations, agreements, or covenants under this Agreement, including without limitation, termination of this Agreement in accordance with Section 3 hereof. In the event of such default, the nondefaulting party's remedies shall be cumulative, and no remedy expressly provided for in this Section shall be deemed to exclude any other remedy allowed by law.

Section 15. Notice of Default and Opportunity to Cure.

In the event of any default by the Developer, the Authority shall give written notice to the Developer of any default by specifying: (a) the nature of the event or deficiency giving rise to the default, (b) the action required to cure the deficiency, if an action to cure is possible, and (c) a date, which shall not be less than ten (10) business days from the date of receipt of the notice or the date the notice was refused, by which such action to cure must be taken, or if a cure cannot be accomplished in ten (10) days, within a reasonable time thereafter.

Section 16. Unavoidable Delay in Performance.

The time for performance of provisions of this Agreement by either party shall be extended for a period equal to the period of any delay directly affecting the Revitalization services or this Agreement which is caused by: war, insurrection, strikes, lock-outs, riots, floods, earthquakes, fires, casualties, acts of God, quarantine restrictions, lawsuits, failures of governmental agencies (other than the Authority) to issue permits or approvals, the discovery of hazardous materials or historically-significant materials, or freight embargoes or other events beyond the reasonable control of the party claiming the delay. An extension of time for any of the above-specified causes will be deemed granted only if written notice by the party claiming such extension is sent to the other party within five (5) business days from the discovery of the commencement of the cause as it relates to the Agreement, and such extension of time is either accepted by the other party in writing, or is not rejected in writing by the other party within ten (10) business days of receipt of the notice. Times of performance under this Agreement may also be extended for any cause for any period of time by the mutual written agreement of the Authority and the Developer.

Section 17. Notices, Demands and Communications.

Unless otherwise provided herein, formal notices, demands and communications between the Developer and the Authority shall be sufficiently given and shall not be deemed given unless dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally, to the principal offices of the Developer and the Authority as follows:

Authority: San Francisco Housing Authority
440 Turk Street
San Francisco, CA 94102
Attn: General Counsel

Phone: (415) 554-1334
Fax: (415) 241-1024

With a copy to: Housing Development and Modernization Department
San Francisco Housing Authority
1815 Egbert Street
San Francisco, CA 94124
Attn: Barbara Smith, Housing Development Administrator
Phone: (415) 715-3220
Fax: (415) 715-3201

Developer: Mission Housing Development Corporation
474 Valencia Street, Suite 280
San Francisco, CA 94103
Phone: (415)864-6432
Fax: (415) 864-0378

Section 18. Disclaimer of Relationships.

The Authority and the Developer acknowledge that any transfer of HOPE VI grant funds or other HUD grant funds by the Authority to the Developer shall not be or be deemed to be an assignment of HOPE VI or other grant funds, and the Developer shall not succeed to any rights or benefits of the Authority under the Annual Contributions Contract between the Authority and HUD (the "ACC") or the HOPE VI Grant Agreement (the "Grant Agreement"), or attain any privileges, authorities, interests, or rights in or under the ACC or Grant Agreement.

Nothing contained in the ACC or Grant Agreement or in any agreement between the Authority and the Developer, nor any act of HUD or the Authority, shall be deemed or construed to create any relationship of third-party beneficiary, principal and agent, limited or general partnership, joint venture, or any association or relationship involving HUD, except between HUD and the Authority as provided under the terms of the ACC or Grant Agreement.

Section 19. Independent Contractor.

The Developer, and any and all contractors and subcontractors performing work pursuant to this Agreement are independent contractors. Any agency relationship created by this Agreement shall be limited in scope to activities undertaken in furtherance of the work to be performed hereunder.

Section 20. Attorneys' Fees and Costs.

In the event any default or any legal or administrative action is commenced to interpret or to enforce the terms of this Agreement, the prevailing party in any such action shall be entitled to recover all reasonable attorneys' fees (which as to any party shall include the allocated reasonable costs for services of any party's in-house counsel) and costs in such action.

Section 21. Time.

Time is of the essence in this Agreement.

Section 22. Assignment.

The Developer may not assign its interests under this Agreement without the prior written consent of the Authority.

Section 23. Binding Effect.

This Agreement shall inure to and bind the parties hereto, their respective representatives, successors and assigns.

Section 24. Counterparts.

This Agreement may be executed in counterparts, all of which taken together shall be deemed one original agreement.

Section 25. Captions.

Sections, titles, or captions in no way define, limit, extend or describe the scope of this Agreement nor the intent of any of its provisions, and are for convenience of reference only.

Section 26. Governing Law.

This Agreement shall be construed in accordance with and be governed by the provisions of the law of the State of California.

Section 27. Waiver.

No waiver of any right under this Agreement shall be deemed effective unless contained in a writing signed by the party charged with the waiver. No waiver of any breach or any failure to perform shall be deemed to be a waiver of any future breach or failure to perform or of any other right arising under this Agreement.

Section 28. Entire Agreement.

This Agreement sets forth the entire agreement of the parties hereunder with respect to this subject and this Agreement may not be modified except in writing signed by authorized representatives of each party.

Section 29. Effective Date.

This Agreement shall become effective upon the date first written above, subject to the conditions to the performance of any Revitalization services set forth herein.

Section 30. Severability.

If any provision of this Agreement or the application of any provision to any person or circumstances shall be invalid or unenforceable to any extent, the remainder of this Agreement, or the application of such provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected, and each provision of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

WHEREFORE, the Authority and the Developer have entered into this Agreement as of the date first set forth above.

AUTHORITY

HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO, a public body corporate and politic

By: ______________________________
Executive Director

APPROVED AS TO FORM AND LEGALITY BY:

____
General Counsel

DEVELOPER

MISSION HOUSING DEVELOPMENT CORPORATION, a California nonprofit public benefit corporation

By:____________________________
Its:____________________________

By:____________________________
Its:____________________________

D-4

SUBGRANT AGREEMENT
(Valencia Gardens)

This Subgrant Agreement (the "Agreement") is effective as of this 1st day of October, 2004 between the Housing Authority of the City and County of San Francisco, a public body, corporate and politic, organized and existing under the laws of the State of California ("SFHA" or “Grantor”), and SFHA Housing Corporation, a California nonprofit public benefit corporation (“Subgrantee”) for the revitalization activities and assistance described in Article I hereof (the “Agreement”). The assistance which is the subject of this Agreement is made under the HOPE VI Program and under Section 5 of the United States Housing Act of 1937, as amended (the "Act").

This Agreement is governed by the following: (a) the Act, as it may be amended or revised from time to time; (b) applicable regulations issued by the U.S. Department of Housing and Urban Development ("HUD"), including 24 CFR Part 941, subpart F, relating to mixed-finance development of public housing; (c) Office of Management and Budget ("OMB") Circular A-110 (administrative requirements) as provided below; (d) the cost principles of OMB Circular A-122; (e) the audit requirements of OMB Circular A-133; (f) HUD grant administration regulations at 24 CFR Part 85; (g) all other applicable Federal requirements, including, without limitation, those set forth in Exhibit A -Standard Terms and Conditions -- attached to and made a part of this Agreement; and (h) the Annual Contributions Contract between the United States and SFHA dated as of August 1, 1996, as amended from time to time including, specifically, as amended by a Mixed Finance Amendment to Annual Contributions Contract related to the Development, as defined herein, including the exhibits thereto.

As used herein:

(a) "Development" shall mean the 260-unit multifamily rental development to be developed pursuant to the Mixed Finance Amendment, to be known as "Valencia Gardens", on land owned by SFHA and leased to the Owner (identified below), which will include at least 148 units to be operated and maintained as "public housing" as defined in Section 3(b) of the Act.

(b) "Mixed Finance Amendment" means the Mixed Finance Amendment to Annual Contributions Contract related to the Development, including the exhibits thereto, and "ACC" means the Annual Contributions Contract dated as of August 1, 1996, as amended from time to time including, specifically, as amended by the Mixed Finance Amendment.

(d) "Owner" means Valencia Gardens Housing Limited Partnership, a California limited partnership, which will develop and construct the Development as lessee from SFHA.

(e) “Scope of Services” shall mean Article I of this Agreement.

(f) "Third Mortgage Loan" shall mean the HOPE VI Loan from Subgrantee to the Owner provided for in the HOPE VI Loan Documents.

(g) "Third Mortgage Loan Agreement" shall mean the HOPE VI Loan Agreement dated of even date herewith, between the Subgrantee and the Owner.

(h) "Third Mortgage Loan Documents" shall mean the HOPE VI Loan Agreement, HOPE VI Loan Promissory Note, and HOPE VI Leasehold Deed of Trust, Assignment of Rents and Security Agreement, all dated of even date herewith.

Certain additional capitalized terms not otherwise defined herein shall have the meaning ascribed thereto in the Mixed Finance Amendment.

SFHA and the Subgrantee hereby agree to be bound by the following terms and conditions of this Agreement:

ARTICLE I. Scope of Service

This Agreement is made for the purpose of permitting the Subgrantee to assist in the financing of the development of the Development, as described in the Mixed Finance Amendment. Concurrently with this Agreement, the Subgrantee shall enter into the Third Mortgage Loan Agreement with the Owner to provide a third leasehold mortgage loan to the Owner in the amount of Fifteen Million Seven Hundred Sixteen Thousand Two Hundred Seventy Five Dollars ($15,716,275), the proceeds of which loan will be used by the Owner in accordance with Exhibit F to the Mixed Finance Amendment. Upon receipt of payments of interest or principal made to Subgrantee by the Owner pursuant to the Third Mortgage Loan Agreement, such funds shall be remitted to the SFHA.

SFHA agrees to pay Administrative Fees, as defined below, to the Subgrantee in consideration of the Subgrantee's administering and monitoring of the use of the Subgrant funds. For the purposes of this Agreement, "Administrative Fees" are deemed to be the fees earned by the Subgrantee for performance of the services described in this Agreement, including, but not limited to administering, monitoring, reporting and recordkeeping in connection with the Subgrant funds. The Subgrantee may submit invoices to SFHA for the reasonable costs of providing such services, and SFHA hereby agrees, after review and approval of the Subgrantee's invoices, to reimburse the Subgrantee for such costs.

ARTICLE II. Subgrant Amount/Draw Downs

1. SFHA agrees, subject to the terms of this Agreement, to provide grant funds to the Subgrantee, in the total amount of Fifteen Million Seven Hundred Sixteen Thousand Two Hundred Seventy Five Dollars ($15,716,275) (the "Subgrant"), as and when needed by the Subgrantee in order to make loan advances to the Owner pursuant to the Third Mortgage Loan Agreement. The Subgrantee will ensure that Subgrant funds are expended in accordance with this Agreement, and the Mixed Finance Amendment. SFHA and the Subgrantee agree that the expenditure of Subgrant funds is allowable only for expended project costs meeting the standards of OMB Circular A-87.

2. Draw downs of Subgrant funds under this Agreement shall be governed by Exhibit G to the Mixed Finance Amendment. SFHA will fund the draw down of Subgrant funds on behalf of Subgrantee and disburse Subgrant funds directly to the Owner.

3. SFHA may withhold payments, in accordance with 24 CFR 85.21(g).

4. No funds under this Agreement may be drawn down during any period in which the Subgrantee has failed to file with SFHA any overdue financial report.

5. The Subgrantee agrees that each draw down request will constitute, and be deemed to be, a representation that the Subgrantee is not in default under this Agreement (except as the Subgrantee previously may have specifically disclosed to SFHA in writing and SFHA may have waived in writing).

ARTICLE III. Subgrantee Covenants

1. The Subgrantee will carry out the Scope of Service in accordance with the provisions of this Agreement, including the Exhibits attached hereto, the Mixed Finance Amendment, and any other applicable State and local laws, regulations, and requirements.

2. The Subgrantee accepts responsibility for requiring, and monitoring, such compliance by all other entities, if any, to which it makes Subgrant funds available.

3. The Subgrantee will comply with all other terms and conditions SFHA may establish at its discretion to administer, monitor or evaluate the service activities under this Agreement in an effective and efficient manner.

ARTICLE IV. Reporting Requirements

1. (a) No later than 15 calendar days after the end of each quarter the Subgrantee will submit to SFHA a quarterly narrative performance report (ordinarily not to exceed five pages in length unless deemed necessary by the Subgrantee), describing the current status of the Subgrantee's financing activities under this Agreement.

(b) The Subgrantee agrees that each quarterly performance report submitted under Section 1(a) above will constitute, and be deemed to be, a representation that the Subgrantee is not in default under this Agreement except as specifically disclosed as a default therein.

2. Within 45 calendar days following completion of all activities to be performed utilizing Subgrant funds under this Agreement, the Subgrantee must submit to SFHA the following:

(a) a Final Financial Report (Form SF-269A), which contains a cumulative summary of expenditures to date and indicates the exact balance of unexpended funds, if any; and

(b) a post-Subgrant report which must describe the activities carried out; the impact of the activities toward achieving the program objectives; and the Subgrantee's plan for continuing the activities, if and as appropriate.

3. In addition to the above reporting requirements, the Subgrantee must inform SFHA immediately, in writing, of any problems, delays or adverse conditions which will impair materially the Subgrantee's ability to comply with the Scope of Service. Such disclosure must include a statement of action taken, or proposed to be taken, and any assistance needed to resolve the situation.

4. The Subgrantee will comply with all other reporting requirements from time to time established by SFHA, in its sole discretion, in connection with the development of the Development pursuant to the Mixed Finance Amendment. The Subgrantee will fully cooperate with all reasonable information gathering requests made by SFHA or HUD in connection with its evaluation of the program, including without limitation, all post-closeout and post-revitalization reports, in the form prescribed by SFHA, and as otherwise defined herein.

ARTICLE V. Recordkeeping/Access Requirements/Audits

1. The Subgrantee will keep accrual accounting records in accordance with 24 CFR 85.20 that facilitate an effective audit to determine compliance with program requirements, and which fully disclose:

(a) the amount and disposition of funds received under this Agreement, including sufficient records that document the reasonableness and necessity of each expenditure;

(b) the amount and nature of any other assistance, including cash, services, or any other items as a condition of receiving this Subgrant;

(c) any other proceeds received for, or otherwise used in connection with, the financing activities provided by Subgrantee under this Agreement; and

(d) fair housing and equal opportunity data including racial and ethnic beneficiary data, information on the affirmative marketing strategy and any other information to demonstrate compliance with the fair housing and equal opportunity requirements imposed on the Subgrantee by this Agreement and the Exhibits attached hereto.

2. The Subgrantee will comply with and be subject to the provisions of OMB Circular A-128, implemented at 24 CFR part 44, the retention and access requirements for records under 24 CFR 85.42, the non-Federal audit requirements under 24 CFR 85.26, including, without limitation, the requirements relating to each lower tier subgrantee to which the Subgrantee provides $25,000 or more of Subgrant funds in any fiscal year.

3. For the purpose of audit, examination, monitoring, and evaluation, the Subgrantee will give the authority and HUD (including any duly authorized representatives and the Inspector

General) access to any books, documents, papers and records of the Subgrantee that are pertinent to assistance received under this Agreement, including all records required to be kept hereunder.

ARTICLE VI. Project Closeout

1. The Subgrantee will initiate Subgrant fund closeout ("Subgrant Fund Closeout") in accordance with procedures established by SFHA within 15 days after completion of all activities to be performed utilizing Subgrant funds under this Agreement. Subgrant Fund Closeout may begin subsequent to the resolution of any SFHA monitoring findings under Section 2 below.

2. The Subgrantee acknowledges that the Subgrant Fund Closeout process may entail a review by SFHA to determine the Subgrantee's compliance with this Agreement. The Subgrantee will cooperate with any review, including making available records requested by SFHA and facilitating on-site inspection of the services. The Subgrantee agrees to resolve all SFHA findings promptly.

3. Within 30 days after completion of all service activities hereunder, the Subgrantee will provide to SFHA the following (in the formats approved by SFHA) together with any other reports hereinafter specified by SFHA:

(a) a certification of project completion;

(b) a certification of compliance with all requirements of this Agreement;

(c) a Final Financial Report (Form SF-269A), as described in Article IV Section 2(a) above, (if not previously delivered at the time of Subgrant Fund Closeout) and;

(d) a Post-Subgrant Report, as described in Article IV Section 2(b) above.

4. When SFHA has determined to its satisfaction that the expenditure of Subgrant funds was allowable, the activities to be completed utilizing Subgrant funds were completed as required by this Agreement, and all Federal, state and local requirements were satisfied, SFHA and the Subgrantee will execute the Subgrant Fund Closeout Agreement.

5. The Subgrant Fund Closeout Agreement will include the Subgrantee's agreement to abide by any continuing Federal requirements, including, without limitation, submission of all post-closing and post-revitalization reports, completion of any activities defined in the Scope of Service which were funded from sources other than this Agreement, and submission of all documentation required pursuant to Section 3 above which could not be submitted prior to Subgrant Fund Closeout because of utilization of such other sources of funds.

6. Upon execution of the Subgrant Fund Closeout Agreement, Subgrantee's obligations under Articles IV, VI and VIII of this Agreement will automatically terminate; provided, however, that this Agreement shall remain in effect until completion of the Subgrant Closeout process, unless terminated earlier pursuant to Article XI herein.

ARTICLE VII. Unsatisfactory Performance/Default

1. If SFHA determines that the performance of the Subgrantee, or any lower tier subgrantee, under this Agreement is unsatisfactory (whether or not the Subgrantee is in default in accordance with Section 2 below), SFHA may by notice delivered to the Subgrantee (or lower-tier subgrantee, as the case may be) impose special conditions or restrictions upon the Subgrantee with which the Subgrantee will comply, including the following:

(i) suspend or Stop Work according to FAR Clauses 52.212 - 12/13 respectively;

(ii) withholding authority to proceed to the next phase of activities until receipt of evidence of acceptable performance within a given funding period;

(iii) requiring additional, more detailed financial reports;

(iv) additional project monitoring;

(v) requiring the Subgrantee (or lower tier subgrantees) to obtain technical or management assistance; or

(vi) establishing additional prior approvals.

2. Each of the following will constitute a default by the Subgrantee under this Agreement:

(a) use of Subgrant funds for any purpose, in any manner or at any time, other than as authorized by this Agreement;

(b) failure to comply with the Mixed Finance Amendment or any other Federal, State or local laws, regulations or requirements applicable in implementing the service activities of this Agreement;

(c) failure to make any submission, perform any obligation or otherwise comply with any requirement as set forth in the Scope of Service, within any specified time period;

(d) failure to proceed in a manner consistent with the Scope of Service and the Subgrantee's Proposal.

(e) any material misrepresentation in the Subgrantee's Proposal or under this Agreement, including, without limitation, any misrepresentation under Article III or Article V above; or

(f) failure to comply with, or any material breach of, any other covenants, conditions or terms of this Agreement.

3. (a) SFHA will give the Subgrantee written notice of any default. The Subgrantee will have the opportunity to cure such default within seven (7) calendar days of the date of the notice, or to demonstrate within that time period, by submitting substantial evidence satisfactory to SFHA, that it is not in default. If the default will not be cured within the seven (7) calendar day period, the Subgrantee will demonstrate to SFHA's satisfaction, that the Subgrantee has taken actions necessary to cure the default and that the default is curable within a maximum thirty (30) calendar days from the date of the default notice. Additionally, the Subgrantee must agree to diligently cure and complete such cure within the above period.

(b) Notwithstanding the provisions above concerning the opportunity to cure defaults, if SFHA determines, in SFHA's sole discretion, that there is an imminent threat that the Subgrantee will expend additional Subgrant funds in violation of this Agreement, SFHA may implement the remedial action provided for under Sections 4(b) or 4(c) below to prevent any such unauthorized expenditure until such time as the Subgrantee has complied with the cure provisions set forth above. SFHA will implement such remedial action by written notice set forth either in the notice of default given under Section 3(a) above or by subsequent written notice to the Subgrantee.

4. If the Subgrantee fails to diligently pursue or cure all defaults specified in the notice of default within the time periods set forth in Section 3(a) above, SFHA may take any of the following remedial actions, upon written notice to the Subgrantee:

(a) require the Subgrantee, within a time period established by SFHA, to prepare a revised proposal including a new plan for implementation, obtain SFHA's approval thereto and follow such revised plan for implementation to complete the activities under this Agreement;

(b) temporarily suspend the disbursement of Subgrant funds for affected activities, or at SFHA's sole discretion for all activities, for not more than thirty (30) days, pending action to cure the defaults;

(c) suspend the disbursement of Subgrant funds and prohibit payment or reimbursement for all Subgrant activities or, if more appropriate (in SFHA's sole discretion), only for those activities affected by the default, for an unspecified period of time pending cure by the Subgrantee or final remedial action by SFHA;

(d) disallow use of Subgrant funds for all or part of the cost of the activity or action not in compliance;

(e) recapture amounts determined by SFHA to have been improperly expended;

(f) require reimbursement by the Subgrantee for Subgrant funds improperly expended; and

(g) require the Subgrantee to subcontract with an alternate administrator, acceptable to SFHA in its sole discretion, for the performance of the service activities of this Agreement.

5. If SFHA determines that the remedial actions taken under Section 4 above have not been effective in curing the default, or if the Subgrantee has not complied with the requirements imposed by SFHA under Section 4 and has not otherwise cured the default, SFHA may take any of the following remedial or enforcement actions (in addition to any of the remedies permitted under Section 4) upon written notice to the Subgrantee:

(a) reduce the Subgrant in the amount affected by the default;

(b) terminate the Subgrant as to all further activities and initiate close-out procedures;

(c) withdraw any unobligated balances of funding;

(d) take action against the Subgrantee under 24 CFR part 24 and Executive Order 12549 with respect to future SFHA or Federal Subgrant awards; and

(e) take any other available legal or equitable remedial action.

ARTICLE VIII. Insurance

1. The Subgrantee shall provide a State Worker's Compensation Certificate, to the extent that a State Worker's Compensation law is applicable. To the extent that such law is not applicable, the Subgrantee shall secure insurance coverage for injuries suffered by such workers, in accordance with regulations prescribed by the Secretary of Labor (20 CFR 692.22), and submit evidence of same to SFHA.

2. The Subgrantee shall take out and maintain during the life of this Agreement contractual and comprehensive general public liability insurance as shall protect it, SFHA, and any lower tier subgrantee performing work covered by this Agreement, from claims for damages for personal injury, including accidental deaths, as well as from claims for property damage, which may arise from activities under this Agreement, whether such operation be by Subgrantee, or by an lower tier subgrantee, or by anyone directly or indirectly employed by either of them. The limits of such insurance policies shall be an amount not less than $100,000 for injuries, including accidental death, to one person, and not less than $300,000 for injuries or loss of life to more than one person as a result of one accident, and $25,000 for property damages.

ARTICLE IX. Amendments and Approvals

Amendments to this Agreement can only be made by the mutual, written agreement of the parties.

ARTICLE X. Indemnification

The Subgrantee shall indemnify and hold SFHA, its officers, employees, agents and independent contractors harmless from any and all claims, suits, or liability, including but not limited to personal injury, death, illness or property damages or any fines, penalties and interest resulting from violations or failure to comply with Federal, state or local laws and regulations arising or alleged to have arisen out of the performance of this Agreement.

ARTICLE XI. Termination

In accordance with Article VI, Section 6 hereof, this Agreement shall remain in effect until such time as Subgrant Closeout Process is completed, at which time this Agreement shall terminate.

SFHA may terminate this Agreement or any lower tier agreement issued hereunder immediately upon furnishing notice to the Subgrantee if the parties fail to agree upon any deletion, amendment, or addition to this Agreement which is required by Statute, Executive Order, or HUD Regulation.

ARTICLE XII. Governing Law

This Agreement shall be governed in all respects by the laws of the State of California.

ARTICLE XIII. Attorney Fees

In the event any action, suit or proceeding is brought for the enforcement of, or the declaration of, any right or obligation pursuant to this Agreement or as a result of any alleged breach of any provision of this Agreement, each party shall bear its own costs and expenses, including attorneys' fees, and any judgment or decree rendered in such a proceeding shall not include an award thereof.

Exhibits

The following Exhibits are incorporated into this Agreement as if fully rewritten herein:

Exhibit A	Standard Terms and Conditions
Exhibit B	HUD Form SF-269 A and B, to be used to complete the financial close-out of this Subgrant

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

Approved as to Form:

____
Donna Martin, General Counsel

HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO, a public body, corporate and politic

By: ______________________________________
Gregg Fortner, Executive Director

SFHA HOUSING CORPORATION, a California nonprofit public benefit corporation

By: ______________________________________
Naja Boyd, President

EXHIBIT A

PUBLIC HOUSING DEVELOPMENT SUBGRANT AGREEMENT
(NONPROFIT SUBGRANTEES)
STANDARD TERMS AND CONDITIONS

1. Drug-Free Workplace

By signing this Subgrant Agreement, the Subgrantee certifies that it maintains a Drug Free Workplace in compliance with the Drug Free Workplace Act of 1988 which is set forth in 41 U.S.C. 71 et. seq. and with the federal regulations promulgated by HUD in 24 CFR 24 et. seq.

(a) The unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited on Subgrantee's premises.

(b) "Controlled substance" for purposes of this statement means a controlled substance listed in Schedules I through V of Section 202 of the Controlled Substances Act (21 U.S.C., Section 812), and as further defined by federal regulations, (21 CFR Section 1300.11 through 1300.15). This list includes but is not limited to marijuana, heroin, PCP, cocaine and amphetamines.

(c) Further, by signing this Subgrant Agreement, Subgrantee agrees to furnish SFHA any and all certificates, documents and/or records pertaining to this Act in such form and as often as SFHA may require.

2. Commingling Funds

In its accounts and recordkeeping, the Subgrantee will not commingle funding under this Agreement with funds from any other sources including, but not limited to, other SFHA funds or funds from other Federal, State or local government agencies. The Subgrantee also will ensure that funds under this Agreement are not used to duplicate work which is funded under any other Federal program, and will establish controls to assure nonduplication of funding.

3. Payments of Consultants

Funds provided under this Agreement may not be used to pay (or provide reimbursement for payment of) the salary of a consultant at more than the daily equivalent of the maximum rate paid to Level IV of the Executive Schedule for Federal Employees. Consultant services provided under an independent Subgrantee relationship are governed by the requirements in 24 CFR 85.36 and the principles of cost reasonableness contained in OMB Circular A-87.

4. Administrative and Reporting Requirements

The Subgrantee will comply with, and be subject to, the provisions and standards set forth in OMB Circular A-1110 on administrative requirements (a final revision of which was published in the Federal Register on November 29, 1993) and the regulations to be implemented by HUD in accordance therewith; OMB Circular A-122 on cost principles; and OMB Circular A-133 for audit requirements.

5. Lower-Tier Subgrant Agreements

The Subgrantee is not permitted to enter into lower tier subgrant agreements for the performance of any financing activities under this Agreement.

6. Lobbying Activities

The Subgrantee hereby certifies that no funds from this Agreement have been expended, and that none will be expended, for lobbying activities, as prohibited by Section 319 of Pub.L. 101-121 (which prohibits recipients of Federal contracts, grants and loans from using appropriated funds for lobbying the Executive or Legislative Branches of the Federal Government), and implemented for HUD at 24 CFR part 87, as the same may be amended from time to time. The Subgrantee will disclose promptly any commitment or expenditure of non-appropriated funds for lobbying activities if those activities would be prohibited if paid with appropriated funds.

7. Displacement of Employees and Other Requirements

The Subgrantee will be responsible to ensure that in connection with all programs and services provided by it with funds under this Agreement:

(a) all participants are citizens or nationals of the United States or lawful permanent resident aliens of the United States.

(b) no individuals drop out of school for the purpose of participating in the program or service.

(c) it shall not displace an employee or position, including partial displacement such as a reduction in hours, wages or employment benefits, as a result of the assistance provided to the Subgrantee under this Agreement.

(d) assistance provided under this Agreement shall not infringe in any manner on the promotional opportunity of an employee of the Subgrantee.

(e) the services performed by the Subgrantee under the Agreement will not supplant the hiring of employed workers or require program participants to perform the work of an existing employee, including an employed worker who recently resigned or was discharged; an employee who is subject to a reduction in force; an employee who is on leave; or an employee who is on-strike or who is being locked out.

8. Prohibited Activities

The Subgrantee shall ensure that participants in the programs and services provided by the Subgrantee with funds under this Agreement do not engage in the following activities in the course of their participation in such programs or services:

(a) Organizing protests, petitions, boycotts, or strikes;

(b) Assisting, promoting, or deterring union organizing;

(c) Impairing existing contracts for services or collective bargaining agreements;

(d) Engaging in partisan political activities, or other activities designed to influence the outcome of an election to any public office, as prohibited under section 501(c) (3) of the Internal Revenue Code of 1986 (26 U.S.C.);

(e) Engaging in religious instruction, conducting worship services, providing instruction as part of a program that includes mandatory religious instruction or worship, constructing or operating facilities devoted to religious instruction or worship, maintaining facilities primarily or inherently devoted to religious instruction or worship, or engaging in any form of religious proselytization;

(f) Providing a direct benefit to a business organized for profit; a labor union; a partisan political organization; a nonprofit organization that fails to comply with the restrictions contained in section 501(c) of the Internal Revenue Code of 1986; or an organization engaged in the religious activities described in the preceding subclause, unless funds under this Agreement are not used to support the religious activities.

9. Conflict of Interest

In addition to the conflict of interest requirements in 24 CFR part 85, no person who is an employee, agent, consultant, office, or elected or appointed official of the Subgrantee and who exercises or has exercised any functions or responsibilities with respect to activities assisted under this Agreement or the ACC, or who is in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a personal or financial interest or benefit from the activity, or have an interest in any subgrant agreement, or agreement with respect thereto, or the proceeds thereunder, either for himself or herself or for those with whom he or she had family or business ties, during his or her tenure or for one year thereafter.

10. Applicability of Other Federal Requirements

The following Federal requirements are applicable to the activities under this Agreement. The Subgrantee will comply with all of the applicable requirements of the following, as the same may be amended from time to time:

A. The Fair Housing Act (42 U.S.C. 3601-19) and regulations thereto (24 CFR part 100); Executive Order 11063 (Equal Opportunity in Housing) and regulations pursuant thereto (24 CFR part 107); the fair housing poster regulations (24 CFR part 110) and advertising guidelines (24 CFR part 109);

B. Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d) and regulations pursuant thereto (24 CFR part 1) relating to nondiscrimination in housing;

C. The prohibitions against discrimination on the basis of age under the Age Discrimination Act of 1975 (42 U.S.C. 6101-07) and regulations pursuant thereto (24 CFR part 146);

D. The prohibitions against discrimination against handicapped individuals under Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and regulations issued pursuant thereto (24 (CFR part 8); the Americans with Disabilities Act (Public Law 101-336) and its implementing regulation at 28 CFR part 36; and the Architectural Barriers Act of 1968, as amended (42 U.S.C. 4151) and regulations issued pursuant thereto (24 CFR part 40);

E. The Fair Housing Act and Section 504 of the Rehabilitation Act of 1973; relating to disabilities. The Subgrantee must comply with the reasonable modification and accommodation requirements of the Fair Housing Act and the accessibility requirements of the Fair Housing Act and Section 504 of the Rehabilitation Act of 1973, as amended;

F. Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) (Employment Opportunities for Lower Income Persons in Connection with Assisted Projects) and its implementing regulation at 24 CFR part 135;

G. Executive Orders 11246, 11625, 12432, and 12138. Consistent with SFHA's responsibilities under these Orders the Subgrantee must make efforts to encourage the use of minority and women's business enterprises in connection with funded activities;

H. Section 102 of the Department of Housing and Urban Development Reform Act of 1989, as implemented at 24 CFR part 12, which contains provisions designed to ensure greater accountability and integrity in the provision of certain types of assistance administered by HUD; and

I. Section 13 of the Department of Housing and Urban Development Act of 1974; as amended by Section 112 of the Department of Housing and Urban Development Reform Act of 1989, and as implemented at 24 CFR part 86; and

J. 24 CFR part 24, which applies to the employment, engagement of services, awarding of Subgrant Agreements, lower tier subgrants, or funding of any recipients, or Subgrantees, during any period of debarment, suspension, or placement in ineligibility status.

EXHIBIT B

HUD Form SF-269 A and B

D-5

Recording Requested By:

SFHA HOUSING CORPORATION

When Recorded Return To:

Goldfarb & Lipman
1300 Clay Street, 9th Floor
Oakland, CA 94612
Attention: Robert C. Mills, Esq.

LEASEHOLD DEED OF TRUST, ASSIGNMENT OF RENTS AND SECURITY AGREEMENT

(Valencia Gardens HOPE VI Loan)

THIS LEASEHOLD DEED OF TRUST, ASSIGNMENT OF RENTS AND SECURITY AGREEMENT ("Deed of Trust") is made as of this first day of October, 2004, by and among Valencia Gardens Housing Limited Partnership ("Trustor"), Chicago Title Company, a California corporation, ("Trustee"), and the SFHA Housing Corporation, a California nonprofit public benefit corporation ("Beneficiary").

FOR GOOD AND VALUABLE CONSIDERATION, including the indebtedness herein recited and the trust herein created, the receipt of which is hereby acknowledged, Trustor hereby irrevocably grants, transfers, conveys and assigns to Trustee, IN TRUST, WITH POWER OF SALE, for the benefit and security of Beneficiary, under and subject to the terms and conditions hereinafter set forth, Trustor's leasehold interest in the property located in the City and County of San Francisco, State of California, that is described in the attached Exhibit A, incorporated herein by this reference (the "Property").

TOGETHER WITH all interest, estates or other claims, both in law and in equity which Trustor now has or may hereafter acquire in the Property and the rents;

TOGETHER WITH all easements, rights-of-way and rights used in connection therewith or as a means of access thereto, including (without limiting the generality of the foregoing) all tenements, hereditaments and appurtenances thereof and thereto;

TOGETHER WITH any and all buildings and improvements of every kind and description now or hereafter erected thereon, and all property of the Trustor now or hereafter affixed to or placed upon the Property;

TOGETHER WITH all building materials and equipment now or hereafter delivered to said property and intended to be installed therein;

TOGETHER WITH all right, title and interest of Trustor, now owned or hereafter acquired, in and to any land lying within the right-of-way of any street, open or proposed, adjoining the Property, and any and all sidewalks, alleys and strips and areas of land adjacent to or used in connection with the Property;

TOGETHER WITH all estate, interest, right, title, other claim or demand, of every nature, in and to such property, including the Property, both in law and in equity, including, but not limited to, all deposits made with or other security given by Trustor to utility companies, the proceeds from any or all of such property, including the Property, claims or demands with respect to the proceeds of insurance in effect with respect thereto, which Trustor now has or may hereafter acquire, any and all awards made for the taking by eminent domain or by and proceeding or purchase in lieu thereof of the whole or any part of such property, including without limitation, any awards resulting from a change of grade of streets and awards for severance damages to the extent Beneficiary has an interest in such awards for taking as provided in Article 4 herein; and

TOGETHER WITH all of Trustor's interest in all articles of personal property or fixtures now or hereafter attached to or used in and about the building or buildings now erected or hereafter to be erected on the Property which are necessary to the complete and comfortable use and occupancy of such building or buildings for the purposes for which they were or are to be erected, including all other goods and chattels and personal property as are ever used or furnished in operating a building, or the activities conducted therein, similar to the one herein described and referred to, and all renewals or replacements thereof or articles in substitution therefor, whether or not the same are, or shall be attached to said building or buildings in any manner.

All of the foregoing, together with the Property, is herein referred to as the "Security." To have and to hold the Security together with acquittances to the Trustee, its successors and assigns forever.

FOR THE PURPOSE OF SECURING:

A. Payment of just indebtednesses of Trustor to Beneficiary as set forth in the Note (defined in Article 1 below) until paid or cancelled. Said principal, interest and other payments shall be due and payable as provided in the Note. Said Note and all its terms are incorporated herein by reference, and this conveyance shall secure any and all extensions thereof, however evidenced; and

B. Payment of any sums advanced by Beneficiary to protect the Security pursuant to the terms and provisions of this Deed of Trust following a breach of Trustor's obligation to advance said sums and the expiration of any applicable cure period, with interest thereon as provided herein; and

C. Performance of every obligation, covenant or agreement of Trustor contained herein and in the Loan Documents (defined in Section 1.3 below).

AND TO PROTECT THE SECURITY OF THIS DEED OF TRUST, TRUSTOR COVENANTS AND AGREES:

ARTICLE 1:
DEFINITIONS

In addition to the terms defined elsewhere in this Deed of Trust, the following terms shall have the following meanings in this Deed of Trust:

Section 1.1 The term "HUD" means the Secretary of Housing and Urban Development.

Section 1.2 The term "Loan Agreement" means that certain HOPE VI Construction/Permanent Loan Agreement between the Trustor and the Beneficiary, of even date herewith, providing for the Beneficiary to loan to the Trustor Fifteen Million Seven Hundred Sixteen Thousand Two Hundred Seventy Five Dollars ($15,716,275) of HOPE VI Funds to assist in the construction of certain improvements on the Property as provided in the Loan Agreement. Terms not defined elsewhere in this Deed of Trust shall have the meaning ascribed to them in the Loan Agreement.

Section 1.3 The term "Loan Documents" means this Deed of Trust, the Note, the Loan Agreement, the Regulatory and Operating Agreement.

Section 1.4 The term "Note" means that certain promissory note in the amount of Fifteen Million Seven Hundred Sixteen Thousand Two Hundred Seventy Five Dollars ($15,716,275) of even date herewith executed by the Trustor in favor of the Beneficiary, the payment of which is secured by this Deed of Trust. (Copies of the Note are on file with the Beneficiary and terms and provisions of the Note are incorporated herein by reference.). The Note shall be nonrecourse to Trustor, pursuant to and except as provided in Section 2.8 of the Loan Agreement.

Section 1.5 The term "Principal" means the aggregate of the amounts required to be paid under the Note.

ARTICLE 2:
MAINTENANCE AND MODIFICATION OF THE PROPERTY AND SECURITY

Section 2.1 Maintenance and Modification of the Property by Trustor.

The Trustor agrees that at all times prior to full payment of the sum owed under the Note, the Trustor will, at the Trustor's own expense, maintain, preserve and keep the Security or cause the Security to be maintained and preserved in good condition. The Trustor will from time to time make or cause to be made all repairs, replacements and renewals deemed proper and necessary by it. The Beneficiary shall have no responsibility in any of these matters or for the making of improvements or additions to the Security.

The Trustor agrees to pay fully and discharge (or cause to be paid fully and discharged) all claims for labor done and for material and services furnished in connection with the Security, diligently to file or procure the filing of a valid notice of cessation upon the event of a cessation of labor on the work or construction on the Security for a continuous period of thirty (30) days or more, and to take all other reasonable steps to forestall the assertion of claims of lien against the Security of any part thereof. The Trustor irrevocably appoints, designates and authorizes the Beneficiary as its agent (said agency being coupled with an interest) with the authority, but without any obligation, to file for record any notices of completion or cessation of labor or any other notice that the Beneficiary deems necessary or desirable to protect its interest in and to the Security or the Loan Documents; provided, however, that the Beneficiary shall exercise its rights as agent of the Trustor only in the event that the Trustor shall fail to take, or shall fail to diligently continue to take, those actions as hereinbefore provided.

Upon demand by Beneficiary, the Trustor shall make or cause to be made such demands or claims as the Beneficiary shall specify upon laborers, materialmen, subcontractors or other persons who have furnished or claim to have furnished labor, services or materials in connection with the Security. Nothing herein contained shall require the Trustor to pay any claims for labor, materials or services which the Trustor in good faith disputes and is diligently contesting provided that the Trustor shall, within thirty (30) days after the filing of any claim of lien, record in the Office of the Assessor-Recorder of the City and County of San Francisco, a surety bond in an amount 1 and 1/2 times the amount of such claim item to protect against a claim of lien.

Section 2.2 Granting of Easements.

Trustor may not grant easements, licenses, rights-of-way or other rights or privileges in the nature of easements with respect to any property or rights included in the Security except those required or desirable for installation and maintenance of public utilities including, without limitation, water, gas, electricity, sewer, telephone and telegraph, or those required by law. As to these exceptions, Beneficiary will grant and/or direct the Trustee to grant such easements as requested by Trustor in writing.

ARTICLE 3:
TAXES AND INSURANCE; ADVANCES

Section 3.1 Taxes, Other Governmental Charges and Utility Charges.

Trustor shall pay, or cause to be paid, prior to the date of delinquency, all taxes, assessments, charges and levies imposed by any public authority or utility company which are or may become a lien affecting the Security or any part thereof; provided, however, that Trustor shall not be required to pay and discharge any such tax, assessment, charge or levy so long as (a) the legality thereof shall be promptly and actively contested in good faith and by appropriate proceedings, and (b) Trustor maintains reserves adequate to pay any liabilities contested pursuant to this Section 3.1. With respect to taxes, special assessments or other similar governmental charges, Trustor shall pay such amount in full prior to the attachment of any lien therefor on any part of the Security; provided, however, if such taxes, assessments or charges may be paid in installments, Trustor may pay in such installments. Except as provided in clause (b) of the first sentence of this paragraph, the provisions of this Section 3.1 shall not be construed to require that Trustor maintain a reserve account, escrow account, impound account or other similar account for the payment of future taxes, assessments, charges and levies.

In the event that Trustor shall fail to pay any of the foregoing items required by this Section to be paid by Trustor, Beneficiary may (but shall be under no obligation to) pay the same, after the Beneficiary has notified the Trustor of such failure to pay and the Trustor fails to fully pay such items within seven (7) business days after receipt of such notice. Any amount so advanced therefor by Beneficiary, together with interest thereon from the date of such advance at the maximum rate permitted by law, shall become an additional obligation of Trustor to the Beneficiary and shall be secured hereby, and Trustor agrees to pay all such amounts.

Section 3.2 Provisions Respecting Insurance.

Trustor agrees to provide insurance conforming in all respects to that required under the Loan Documents during the course of construction and following completion, and at all times until all amounts secured by this Deed of Trust have been paid and all other obligations secured hereunder fulfilled, and this Deed of Trust reconveyed.

All such insurance policies and coverages shall be maintained at Trustor's sole cost and expense. Certificates of insurance for all of the above insurance policies, showing the same to be in full force and effect, shall be delivered to the Beneficiary upon demand therefor at any time prior to the Beneficiary's receipt of the entire Principal and all amounts secured by this Deed of Trust.

Section 3.3 Advances.

In the event the Trustor shall fail to maintain the full insurance coverage required by this Deed of Trust or shall fail to keep the Security in accordance with the Loan Documents, the Beneficiary, after at least seven (7) days prior notice to Trustor, may (but shall be under no obligation to) take out the required policies of insurance and pay the premiums on the same or may make such repairs or replacements as are necessary and provide for payment thereof; and all amounts so advanced therefor by the Beneficiary shall become an additional obligation of the Trustor to the Beneficiary (together with interest as set forth below) and shall be secured hereby, which amounts the Trustor agrees to pay on the demand of the Beneficiary, and if not so paid, shall bear interest from the date of the advance at the lesser of ten percent (10%) per annum or the maximum rate permitted by law.

ARTICLE 4:
DAMAGE, DESTRUCTION OR CONDEMNATION

Section 4.1 Insurance Proceeds.

Subject to the rights of senior lenders and Section 4.9 of the Loan Agreement, all judgments, awards of damages, settlements and compensation made in connection with or in lieu of (1) taking of all or any part of or any interest in the Property by or under assertion of the power of eminent domain, (2) any damage to or destruction of the Property or in any part thereof by insured casualty, and (3) any other injury or damage to all or any part of the Property ("Funds") are hereby assigned to and shall be paid to the Beneficiary by a check made payable to the Beneficiary. The Beneficiary is authorized and empowered (but not required) to collect and receive any funds and is authorized to apply them in whole or in part upon any indebtedness or obligation secured hereby, in such order and manner as the Beneficiary shall determine at its sole option. The Beneficiary shall be entitled to settle and adjust all claims under insurance policies provided under this Deed of Trust and may deduct and retain from the proceeds of such insurance the amount of all expenses incurred by it in connection with any such settlement or adjustment. All or any part of the amounts so collected and recovered by the Beneficiary may be released to Trustor upon such conditions as the Beneficiary may impose for its disposition. Application of all or any part of the Funds collected and received by the Beneficiary or the release thereof shall not cure or waive any default under this Deed of Trust. The rights of the Beneficiary under this Article 4 are subject to the rights of any senior mortgage beneficiary and to the rights of lessor under the ground lease. Notwithstanding the provisions of this Section 4.1, the Beneficiary shall release the Funds to Trustor to be used to reconstruct the improvements on the Property provided that Trustor and Beneficiary reasonably determine that Trustor has sufficient funds to rebuild.

Section 4.2 Reconstruction of the Property.

Notwithstanding anything to the contrary contained herein or in any of the documents evidencing or securing the Loan, in the event of a casualty to the Security (or any portion thereof) or a condemnation affecting the Security or any portion thereof:

(a) If, as reasonably determined by Trustor and Beneficiary and approved by HUD in accordance with the Mixed Finance ACC Amendment, it is economically feasible to restore the Security to a physical condition substantially the same or functionally equivalent to that which existed prior to such casualty or condemnation, then subject to the rights of senior lenders (and unless Trustor and Beneficiary agree otherwise), Trustor shall deposit the insurance or condemnation proceeds, as applicable, into an account created by Trustor to be disbursed for reconstruction of the Security in accordance with such commercially reasonable construction disbursement requirements and procedures as Beneficiary shall require.

(b) If, as reasonably determined by Trustor and Beneficiary and approved by HUD in accordance with the Mixed Finance ACC Amendment, it is not economically feasible to restore the Security to a physical condition substantially the same or functionally equivalent to that which existed prior to such casualty or condemnation, then subject to the rights of senior lenders, any insurance and condemnation proceeds shall be disbursed to the Beneficiary to satisfy the outstanding indebtedness; provided, however, that notwithstanding anything to the contrary herein, any insurance and condemnation proceeds shall be utilized in a manner consistent with the Mixed Finance ACC Amendment.

ARTICLE 5:
AGREEMENTS AFFECTING THE PROPERTY; FURTHER ASSURANCES; PAYMENT OF PRINCIPAL AND INTEREST

Section 5.1 Other Agreements Affecting Property.

The Trustor shall duly and punctually perform all terms, covenants, conditions and agreements binding upon it under the Loan Documents and any other agreement of any nature whatsoever now or hereafter involving or affecting the Security or any part thereof.

Section 5.2 Agreement to Pay Attorneys' Fees and Expenses.

In the event of any Event of Default (as defined below) hereunder, and if the Beneficiary should employ attorneys or incur other expenses for the collection of amounts due or the enforcement of performance or observance of an obligation or agreement on the part of the Trustor in this Deed of Trust, the Trustor agrees that it will, on demand therefor, pay to the Beneficiary the reasonable fees of such attorneys and such other reasonable expenses so incurred by the Beneficiary; and any such amounts paid by the Beneficiary shall be added to the indebtedness secured by the lien of this Deed of Trust, and shall bear interest from the date such expenses are incurred at the lesser of ten percent (10%) per annum or the maximum rate permitted by law. Notwithstanding the foregoing, if any lawsuit is commenced to enforce this Deed of Trust, the prevailing party shall have the right to recover its reasonable attorneys' fees and costs of suit from the other party.

Section 5.3 Payment of the Principal.

The Trustor shall pay to the Beneficiary the Principal and any other payments as set forth in the Note in the amounts and by the times set out therein.

Section 5.4 Personal Property.

To the maximum extent permitted by law, the personal property subject to this Deed of Trust shall be deemed to be fixtures and part of the real property and this Deed of Trust shall constitute a fixtures filing under the California Commercial Code. As to any personal property not deemed or permitted to be fixtures, this Deed of Trust shall constitute a security agreement under the California Commercial Code.

Section 5.5 Financing Statement.

The Trustor shall execute and deliver to the Beneficiary such financing statements pursuant to the appropriate statutes, and any other documents or instruments as are required to convey to the Beneficiary a valid perfected security interest in the Security. The Trustor agrees to perform all acts which the Beneficiary may reasonably request so as to enable the Beneficiary to maintain such valid perfected security interest in the Security in order to secure the payment of the Note in accordance with its terms. The Beneficiary is authorized to file a copy of any such financing statement in any jurisdiction(s) as it shall deem appropriate from time to time in order to protect the security interest established pursuant to this instrument.

Section 5.6 Operation of the Security.

The Trustor shall operate the Security (and, in case of a transfer of a portion of the Security subject to this Deed of Trust, the transferee shall operate such portion of the Security) in full compliance with the Loan Documents.

Section 5.7 Inspection of the Security.

At any and all reasonable times upon seventy-two (72) hours' prior written notice, the Beneficiary and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right, without payment of charges or fees, to inspect the Security.

Section 5.8 Nondiscrimination.

The Trustor herein covenants by and for itself, its heirs, executors, administrators, and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, sexual orientation, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Security, nor shall the Trustor itself or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the Security. The foregoing covenants shall run with the land.

ARTICLE 6:
HAZARDOUS WASTE

Section 6.1 Covenants.

The Trustor hereby covenants and agrees that:

(a) The Trustor shall not knowingly permit the Security or any portion thereof to be a site for the use, generation, treatment, manufacture, storage, disposal or transportation of Hazardous Materials or otherwise knowingly permit the presence of Hazardous Materials in, on or under the Security in violation of any applicable law; provided however that, for the purposes of this subsection (a) only, the term "Hazardous Materials" shall not include: materials located in, on or under the Property as of the date hereof; reasonable quantities of gardening materials, household products, construction supplies and materials, office supply products or janitorial supply products of the type customarily used in construction, maintenance, demolition, or associated with buildings and grounds, or typically used in household activities on the Property, so long as used in a lawful manner; certain substances which may contain chemicals listed by the State of California pursuant to Health and Safety Code Sections 25249.8 et seq., which substances are commonly used in reasonable quantities and in a lawful manner by a significant portion of the population living within the region of the Property.

(b) The Trustor shall keep and maintain the Security and each portion thereof in compliance with, and shall not cause or permit the Security or any portion thereof to be in violation of, any Hazardous Materials Laws;

(c) Upon receiving actual knowledge of the same the Trustor shall immediately advise the Beneficiary in writing of: (A) any and all enforcement, cleanup, removal or other governmental or regulatory actions instituted, completed or threatened against the Trustor or the Security pursuant to any applicable Hazardous Materials Laws; (B) any and all claims made or threatened by any third party against the Trustor or the Security relating to damage, contribution, cost recovery, compensation, loss or injury resulting from any Hazardous Materials (the matters set forth in the foregoing clause (A) and this clause (B) are hereinafter referred to as "Hazardous Materials Claims"); (C) the presence of any Hazardous Materials in, on or under the Security in such quantities which require reporting to a government agency; or (D) the Trustor's discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Security classified as "borderzone property" under the provisions of California Health and Safety Code, Sections 25220 et seq., or any regulation adopted in accordance therewith, or to be otherwise subject to any restrictions on the ownership, occupancy, transferability or use of the Security under any Hazardous Materials Laws. If the Beneficiary reasonably determines that the Trustor is not adequately responding to a Hazardous Material Claim, the Beneficiary shall have the right to join and participate in, as a party if it so elects, any legal proceedings or actions initiated in connection with any such Hazardous Materials Claims and to have its reasonable attorney's fees in connection therewith paid by the Trustor.

(d) Without the Beneficiary's prior written consent, which shall not be unreasonably withheld or delayed, the Trustor shall not take any remedial action in response to the presence of any Hazardous Materials on, under, or about the Security (other than in emergency situations or as required by governmental agencies having jurisdiction), nor enter into any settlement agreement, consent decree, or other compromise in respect to any Hazardous Materials Claims.

Section 6.2 Trustor's Knowledge.

The Trustor hereby acknowledges and agrees that the Trustor's duties, obligations and liabilities under this Deed of Trust are in no way limited or otherwise affected by any information the Trustor may have concerning the Security and/or the presence within the Security of any Hazardous Materials, whether the Trustor obtained such information from the Beneficiary or from its own investigations.

Section 6.3 Indemnification.

(a) The Trustor hereby agrees to indemnify, protect, hold harmless and defend the Beneficiary, its board members, officers, directors, employees, insurers, sureties, attorneys, agents and contractors, from and against any and all claims, demands, losses, damages, liabilities, fines, penalties, charges, causes of action, administrative and judicial proceedings and orders, settlements, judgments, remedial action requirements, enforcement actions of any kind, and all costs and expenses incurred in connection therewith (including, but not limited to, attorneys' fees, expert witness fees and costs) (hereinafter, "Claims"), arising directly or indirectly, in whole or in part, out of: (1) any action or omission of the Trustor or any other person or entity acting under the authority or control of the Trustor, other than any indemnitee, relating to Hazardous Materials on, under or about the Security, including the failure to comply with any Hazardous Materials Law or relating in any way whatsoever to the handling, treatment, presence, removal, storage, decontamination, cleanup, transportation or disposal of Hazardous Materials into, on, under or from the Security but excluding any matter with respect to Known Hazardous Materials covered by the Beneficiary's Indemnity provided under Section 9.3(e); or (2) the presence in, on or under the Security of any Hazardous Materials or any releases or discharges of any Hazardous Materials into, on, under or from the Security, excluding any pre-existing Hazardous Materials on the Property identified in the Site Mitigation Plan attached hereto as Exhibit F, as that plan may be mutually amended by the parties ("Known Hazardous Materials") (except to the extent that any Claim in connection with Known Hazardous Materials results from the negligent act or omission of the Trustor). The Trustor shall not be obligated to indemnify the Beneficiary under this provision with respect to, and to the extent of, the negligence or willful misconduct of the Beneficiary, its contractors, anyone directly or indirectly employed by them or anyone for whose acts they may be liable.

(b) The Beneficiary hereby agrees to indemnify, protect, hold harmless and defend Trustor, its partners, shareholders, officers, directors, employees, insurers, sureties, attorneys, agents and contractors, from and against any and all claims, demands, losses, damages, liabilities, fines, penalties, charges, causes of action, administrative and judicial proceedings and orders, settlements, judgments, remedial action requirements, enforcement actions of any kind, and all costs and expenses incurred in connection therewith (including, but not limited to, attorneys' fees, expert witness fees and costs), arising out of the presence of any Known Hazardous Materials on the Property; provided, however, that the Beneficiary shall not be obligated to indemnify Trustor under this provision with respect to, or to the extent of, the negligence or willful misconduct of the Trustor, its contractors, anyone directly or indirectly employed by them or anyone for whose acts they may be liable.

Section 6.4 Beneficiary's Rights.

The Trustor hereby acknowledges and agrees that (i) this Article is intended as the Beneficiary's written request for information (and the Trustor's response) concerning the environmental condition of the Property as required by California Code of Civil Procedure Section 726.5, and (ii) each representation and warranty in this Deed of Trust or any of the other Loan Documents (together with any indemnity applicable to a breach of any such representation and warranty) with respect to the environmental condition of the Property is intended by the Beneficiary and the Trustor to be an "environmental provision" for purposes of California Code of Civil Procedure Section 736.

In the event that any portion of the Property is determined to be "environmentally impaired" (as that term is defined in California Code of Civil Procedure Section 726.5(e)(3)) or to be an "affected parcel" (as that term is defined in California Code of Civil Procedure Section 726.5(e)(1)), then, without otherwise limiting or in any way affecting the Beneficiary's or the Trustee's rights and remedies under this Deed of Trust, the Beneficiary may elect to exercise its rights under California Code of Civil Procedure Section 726.5(a) to (1) waive its lien on such environmentally impaired or affected portion of the Property and (2) exercise (a) the rights and remedies of an unsecured creditor, including reduction of its claim against the Trustor to judgment, and (b) any other rights and remedies permitted by law. For purposes of determining the Beneficiary's right to proceed as an unsecured creditor under California Code of Civil Procedure Section 726.5(a), the Trustor shall be deemed to have willfully permitted or acquiesced in a release or threatened release of hazardous materials, within the meaning of California Code of Civil Procedure Section 726.5(d)(1), if the release or threatened release of hazardous materials was knowingly or negligently caused or contributed to by any lessee, occupant, or user of any portion of the Property and the Trustor knew or should have known of the activity by such lessee, occupant, or user which caused or contributed to the release or threatened release. All costs and expenses, including (but not limited to) attorneys' fees, incurred by the Beneficiary in connection with any action commenced under this paragraph, including any action required by California Code of Civil Procedure Section 726.5(b) to determine the degree to which the Property is environmentally impaired, plus interest thereon at the lesser of ten percent (10%) or the maximum rate permitted by law, until paid, shall be added to the indebtedness secured by this Deed of Trust and shall be due and payable to the Beneficiary upon its demand made at any time following the conclusion of such action.

ARTICLE 7:
EVENTS OF DEFAULT AND REMEDIES

Section 7.1 Events of Default.

The following shall constitute Events of Default: (1) failure to make any payment to be paid by Trustor under the Loan Documents, after the expiration of any notice and cure period set forth therein; (2) failure to observe or perform any of Trustor's other covenants, agreements or obligations under the Loan Documents, including, without limitation, the provisions concerning discrimination, after the expiration of any notice and cure period set forth therein; or (3) failure to make any payment or perform any of Trustor's other covenants, agreements, or obligations under any other debt instruments or regulatory agreement secured by the Property; which default shall not be cured within the times and in the manner provided therein, including applicable notice and cure periods.

Section 7.2 Acceleration of Maturity.

If an Event of Default shall have occurred and be continuing, then at the option of the Beneficiary, the amount of any payment related to the Event of Default and the unpaid Principal of the Note shall immediately become due and payable, upon written notice by the Beneficiary to the Trustor (or automatically where so specified in the Loan Documents), and no omission on the part of the Beneficiary to exercise such option when entitled to do so shall be construed as a waiver of such right.

Section 7.3 The Beneficiary's Right to Enter and Take Possession.

If an Event of Default shall have occurred and be continuing, the Beneficiary may:

(a) Either in person or by agent, with or without bringing any action or proceeding, or by a receiver appointed by a court, and without regard to the adequacy of its security, enter upon the Security and take possession thereof (or any part thereof) and of any of the Security, in its own name or in the name of Trustee, and do any acts which it deems necessary or desirable to preserve the value or marketability of the Property, or part thereof or interest therein, increase the income therefrom or protect the security thereof. The entering upon and taking possession of the Security shall not cure or waive any Event of Default or Notice of Default (as defined below) hereunder or invalidate any act done in response to such Default or pursuant to such Notice of Default and, notwithstanding the continuance in possession of the Security, Beneficiary shall be entitled to exercise every right provided for in this Deed of Trust, or by law upon occurrence of any Event of Default, including the right to exercise the power of sale;

(b) Commence an action to foreclose this Deed of Trust as a mortgage, appoint a receiver, or specifically enforce any of the covenants hereof;

(c) Deliver to Trustee a written declaration of default and demand for sale, and a written notice of default and election to cause Trustor's interest in the Security to be sold ("Notice of Default and Election to Sell"), which notice Trustee or Beneficiary shall cause to be duly filed for record in the Official Records of the City and County of San Francisco ("Official Records"); or

(d) Exercise all other rights and remedies provided herein, in the instruments by which the Trustor acquires title to any Security, or in any other document or agreement now or hereafter evidencing, creating or securing all or any portion of the obligations secured hereby, or provided by law.

Section 7.4 Foreclosure By Power of Sale.

Should the Beneficiary elect to foreclose by exercise of the power of sale herein contained, the Beneficiary shall give notice to the Trustee (the "Notice of Sale") and shall deposit with Trustee this Deed of Trust which is secured hereby (and the deposit of which shall be deemed to constitute evidence that the unpaid principal amount of the Note is immediately due and payable), and such receipts and evidence of any expenditures made that are additionally secured hereby as Trustee may require.

(a) Upon receipt of such notice from the Beneficiary, Trustee shall cause to be recorded, published and delivered to Trustor such Notice of Default and Election to Sell as then required by law and by this Deed of Trust. Trustee shall, without demand on Trustor, after lapse of such time as may then be required by law and after recordation of such Notice of Default and Election to Sell and after Notice of Sale having been given as required by law, sell the Security, at the time and place of sale fixed by it in said Notice of Sale, whether as a whole or in separate lots or parcels or items as Trustee shall deem expedient and in such order as it may determine unless specified otherwise by the Trustor according to California Civil Code Section 2924g(b), at public auction to the highest bidder, for cash in lawful money of the United States payable at the time of sale. Trustee shall deliver to such purchaser or purchasers thereof its good and sufficient deed or deeds conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed or any matters of facts shall be conclusive proof of the truthfulness thereof. Any person, including, without limitation, Trustor, Trustee or Beneficiary, may purchase at such sale, and Trustor hereby covenants to warrant and defend the title of such purchaser or purchasers.

(b) After deducting all reasonable costs, fees and expenses of Trustee, including costs of evidence of title in connection with such sale, Trustee shall apply the proceeds of sale to payment of: (i) the unpaid Principal amount of the Note; (ii) all other amounts owed to Beneficiary under the Loan Documents; (iii) all other sums then secured hereby; and (iv) the remainder, if any, to Trustor.

(c) Trustee may postpone sale of all or any portion of the Property by public announcement at such time and place of sale, and from time to time thereafter, and without further notice make such sale at the time fixed by the last postponement, or may, in its discretion, give a new Notice of Sale.

Section 7.5 Receiver.

If an Event of Default shall have occurred and be continuing, Beneficiary, as a matter of right and without further notice to Trustor or anyone claiming under the Security, and without regard to the then value of the Security or the interest of Trustor therein, shall have the right to apply to any court having jurisdiction to appoint a receiver or receivers of the Security (or a part thereof), and Trustor hereby irrevocably consents to such appointment and waives further notice of any application therefor. Any such receiver or receivers shall have all the usual powers and duties of receivers in like or similar cases, and all the powers and duties of Beneficiary in case of entry as provided herein, and shall continue as such and exercise all such powers until the date of confirmation of sale of the Security, unless such receivership is sooner terminated.

Section 7.6 Remedies Cumulative.

No right, power or remedy conferred upon or reserved to the Beneficiary by this Deed of Trust is intended to be exclusive of any other right, power or remedy, but each and every such right, power and remedy shall be cumulative and concurrent and shall be in addition to any other right, power and remedy given hereunder or now or hereafter existing at law or in equity.

Section 7.7 No Waiver.

(a) No delay or omission of the Beneficiary to exercise any right, power or remedy accruing upon any Event of Default shall exhaust or impair any such right, power or remedy, or shall be construed to be a waiver of any such Event of Default or acquiescence therein; and every right, power and remedy given by this Deed of Trust to the Beneficiary may be exercised from time to time and as often as may be deemed expeditious by the Beneficiary. No consent or waiver, expressed or implied, by the Beneficiary to any breach by the Trustor in the performance of the obligations hereunder shall be deemed or construed to be a consent to or waiver of performance of any other obligations of the Trustor hereunder. Failure on the part of the Beneficiary to complain of any act or failure to act or to declare an Event of Default, irrespective of how long such failure continues, shall not constitute a waiver by the Beneficiary of its right hereunder or impair any rights, power or remedies consequent on any Event of Default by the Trustor.

(b) If the Beneficiary (i) grants forbearance or an extension of time for the payment of any sums secured hereby, (ii) takes other or additional security or the payment of any sums secured hereby, (iii) waives or does not exercise any right granted in the Loan Documents, (iv) releases any part of the Security from the lien of this Deed of Trust, or otherwise changes any of the terms, covenants, conditions or agreements in the Loan Documents, (v) consents to the granting of any easement or other right affecting the Security, or (vi) makes or consents to any agreement subordinating the lien hereof, any such act or omission shall not release, discharge, modify, change or affect the original liability under this Deed of Trust, or any other obligation of the Trustor or any subsequent purchaser of the Security or any part thereof, or any maker, co-signer, endorser, surety or guarantor (unless expressly released); nor shall any such act or omission preclude the Beneficiary from exercising any right, power or privilege herein granted or intended to be granted in any Event of Default then made or of any subsequent Event of Default, nor, except as otherwise expressly provided in an instrument or instruments executed by the Beneficiary shall the lien of this Deed of Trust be altered thereby.

Section 7.8 Suits to Protect the Security.

The Beneficiary shall have power to (a) institute and maintain such suits and proceedings as it may deem expedient to prevent any impairment of the Security and the rights of the Beneficiary as may be unlawful or any violation of this Deed of Trust, (b) preserve or protect its interest (as described in this Deed of Trust) in the Security, and (c) restrain the enforcement of or compliance with any legislation or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement for compliance with such enactment, rule or order would impair the Security thereunder or be prejudicial to the interest of the Beneficiary.

Section 7.9 Trustee May File Proofs of Claim.

In the case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, composition or other proceedings affecting the Trustor, its creditors or its property, the Beneficiary, to the extent permitted by law, shall be entitled to file such proofs of claim and other documents as may be necessary or advisable in order to have the claims of the Beneficiary allowed in such proceedings and for any additional amount which may become due and payable by the Trustor hereunder after such date.

Section 7.10 Waiver.

The Trustor waives presentment, demand for payment, notice of dishonor, notice of protest and nonpayment, protest, notice of interest on interest and late charges, and diligence in taking any action to collect any sums owing under the Note or in proceedings against the Security, in connection with the delivery, acceptance, performance, default, endorsement or guaranty of this Deed of Trust.

ARTICLE 8:
MISCELLANEOUS

Section 8.1 Amendments.

This instrument cannot be waived, changed, discharged or terminated orally, but only by an instrument in writing signed by Beneficiary and Trustor.

Section 8.2 Reconveyance by Trustee.

Upon written request of Beneficiary stating that all sums secured hereby have been paid or forgiven, and upon surrender of this Deed of Trust to Trustee for cancellation and retention, and upon payment by Trustor of Trustee's reasonable fees, Trustee shall reconvey the Security to Trustor, or to the person or persons legally entitled thereto.

Section 8.3 Notices.

If at any time after the execution of this Deed of Trust it shall become necessary or convenient for one of the parties hereto to serve any notice, demand or communication upon the other party, such notice, demand or communication shall be in writing and shall be served personally or by depositing the same in the registered United States mail, return receipt requested, postage prepaid and (1) if intended for Beneficiary shall be addressed to:

SFHA Housing Corporation
c/o San Francisco Housing Authority
440 Turk Street
San Francisco, California 94102
Attention: President

and (2) if intended for Trustor shall be addressed to:

Valencia Gardens Housing Limited Partnership
c/o Mission Housing Development Corporation
474 Valencia Street, Suite 240
San Francisco, California 94103
Attention: Executive Director

with copy to:

Alliant Asset Management Co., LLC
21550 Oxnard Street, Suite 1020
Woodland Hills, CA 91367
Attention: Shawn Horwitz

Any notice, demand or communication shall be deemed given, received, made or communicated on the date personal delivery is effected or, if mailed in the manner herein specified, on the delivery date or date delivery is refused by the addressee, as shown on the return receipt. Either party may change its address at any time by giving written notice of such change to Beneficiary or Trustor as the case may be, in the manner provided herein, at least ten (10) days prior to the date such change is desired to be effective.

Section 8.4 Successors and Joint Trustors.

Where an obligation is created herein binding upon Trustor, the obligation shall also apply to and bind any transferee or successors in interest. Where the terms of the Deed of Trust have the effect of creating an obligation of the Trustor and a transferee, such obligation shall be deemed to be a joint and several obligation of the Trustor and such transferee. Where Trustor is more than one entity or person, all obligations of Trustor shall be deemed to be a joint and several obligation of each and every entity and person comprising Trustor.

Section 8.5 Captions.

The captions or headings at the beginning of each Section hereof are for the convenience of the parties and are not a part of this Deed of Trust.

Section 8.6 Invalidity of Certain Provisions.

Every provision of this Deed of Trust is intended to be severable. In the event any term or provision hereof is declared to be illegal or invalid for any reason whatsoever by a court or other body of competent jurisdiction, such illegality or invalidity shall not affect the balance of the terms and provisions hereof, which terms and provisions shall remain binding and enforceable. If the lien of this Deed of Trust is invalid or unenforceable as to any part of the debt, or if the lien is invalid or unenforceable as to any part of the Security, the unsecured or partially secured portion of the debt, and all payments made on the debt, whether voluntary or under foreclosure or other enforcement action or procedure, shall be considered to have been first paid or applied to the full payment of that portion of the debt which is not secured or partially secured by the lien of this Deed of Trust.

Section 8.7 Governing Law.

This Deed of Trust shall be governed by and construed in accordance with the laws of the State of California.

Section 8.8 Gender and Number.

In this Deed of Trust the singular shall include the plural and the masculine shall include the feminine and neuter and vice versa, if the context so requires.

Section 8.9 Deed of Trust, Mortgage.

Any reference in this Deed of Trust to a mortgage shall also refer to a deed of trust and any reference to a deed of trust shall also refer to a mortgage.

Section 8.10 Actions.

Trustor agrees to appear in and defend any action or proceeding purporting to affect the Security.

Section 8.11 Substitution of Trustee.

Beneficiary may from time to time substitute a successor or successors to any Trustee named herein or acting hereunder to execute this Trust. Upon such appointment, and without conveyance to the successor trustee, the latter shall be vested with all title, powers, and duties conferred upon any Trustee herein named or acting hereunder. Each such appointment and substitution shall be made by written instrument executed by Beneficiary, containing reference to this Deed of Trust and its place of record, which, when duly recorded in the proper office of the county or counties in which the Property is situated, shall be conclusive proof of proper appointment of the successor trustee.

Section 8.12 Statute of Limitations.

The pleading of any statute of limitations as a defense to any and all obligations secured by this Deed of Trust is hereby waived to the full extent permissible by law.

Section 8.13 Acceptance by Trustee.

Trustee accepts this Trust when this Deed of Trust, duly executed and acknowledged, is made public record as provided by law. Except as otherwise provided by law the Trustee is not obligated to notify any party hereto of pending sale under this Deed of Trust or of any action of proceeding in which Trustor, Beneficiary, or Trustee shall be a party unless brought by Trustee.

ARTICLE 9:

HUD-REQUIRED PROVISIONS AND OTHER LIMITATIONS ON CONVEYANCE

This conveyance is made subject to that certain Declaration of Trust and Restrictive Covenants executed by Trustor in favor of HUD, and recorded contemporaneously herewith in the Official Records. The Beneficiary hereby acknowledges that 148 units in the Valencia

Gardens housing development described in the Loan Agreement are public housing units under the U.S. Housing Act of 1937, as amended ("Act"), 42 U.S.C. 1437, and are subject to all requirements applicable to public housing units under the Act, including, without limitation, requirements with respect to operating receipts and operating expenditures as contained in the public housing Annual Contributions Contract, as amended ("ACC") entered into between the Housing Authority of the City and County of San Francisco (the "Authority") and HUD pursuant to the Act. Notwithstanding any provisions to the contrary herein, in the event of any conflict between a provision contained in this Deed of Trust, and a requirement set forth in (i) the Regulatory and Operating Agreement between the Trustor and the Authority; or (ii) the ACC, Mixed Finance ACC Amendment and HOPE VI Grant Agreement, and any other Federal statutes, regulations and executive orders, all of which shall be referred to herein as Federal Requirements, except as such requirements may have been expressly waived in writing by HUD, the Federal Requirements shall in all instances be deemed to be controlling. The approval by HUD of the Mixed Finance ACC Amendment, and any evidentiary materials submitted pursuant thereto, including but not limited to this Deed of Trust, shall not be deemed in any way to be HUD approval for this Deed of Trust to amend, modify or alter said Regulatory and Operating Agreement or Federal Requirements. This Deed of Trust may not be amended in any way that in the opinion of HUD may adversely affect the continued maintenance and operation of the 148 public housing units as public housing without the prior written approval of HUD.

This conveyance also is made subject to that certain Regulatory and Operating Agreement executed by and between Trustor and the Authority, and recorded contemporaneously herewith in the Official Records.

This conveyance is made subject to that certain leasehold deed of trust, of even date herewith, executed by Trustor and in favor of the Authority, as issuer of $40,000,000 in tax-exempt bonds, which interest has been assigned to U.S. Bank (the "Bond Trustee"), under the terms of the Assignment of Leasehold Deed of Trust by and among the Trustor, Authority, and Bond Trustee. The aforementioned leasehold deed of trust secures the obligations to repay the loan of bond proceeds from the Authority and is being recorded contemporaneously herewith in the Official Records, plus any further advances by the holder thereof which are invested in the mortgaged property and are required for its completion.

This conveyance is also made subject to that certain leasehold deed of trust executed by Trustor in favor of Citibank (West), F.S.B., a federal savings bank (the "Bank"), of even date herewith, securing the Trustor's obligations under the Reimbursement Agreement with the Bank, and recorded contemporaneously herewith in the Official Records, plus any further advances by the holder thereof which are invested in the mortgaged property and are required for its completion.

Notwithstanding anything to the contrary contained herein or in any documents secured by this Deed of Trust or contained in any subordination agreement, the Beneficiary acknowledges and agrees that in the event of a foreclosure or deed-in-lieu of foreclosure (collectively, "Foreclosure") with respect to the property encumbered by this Deed of Trust, the following rule contained in Section 42(h)(6)(E)(ii) of the Internal Revenue Code of 1986, as amended, shall apply:

For a period of three (3) years from the date of Foreclosure, with respect to any unit that had been regulated by the regulatory agreement with the California Tax Credit Allocation Committee, (i) none of the tenants occupying those units at the time of Foreclosure may be evicted or their tenancy terminated (other than for good cause), (ii) nor may any rent be increased except as otherwise permitted under Section 42 of the Code.

IN WITNESS WHEREOF, Trustor has executed this Deed of Trust as of the day and year first above written.

TRUSTOR:

VALENCIA GARDENS HOUSING LIMITED PARTNERSHIP

By: Mission Housing Development Corporation, a California nonprofit public benefit corporation, its general partner

By:____________________________________

Its: ____________________________________

By:____________________________________

Its: ____________________________________

STATE OF CALIFORNIA)
) ss
COUNTY OF __________)

On ________________________________, before me, the undersigned, a Notary Public, personally appeared ________________________, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument, and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

____

EXHIBIT A
(Legal Description)

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COMPLETION GUARANTY

THIS COMPLETION GUARANTY (the "Guaranty") is made as of October 1, 2004 by Mission Housing Development Corporation, a California nonprofit public benefit corporation (the "Guarantor"), in favor of the SFHA HOUSING CORPORATION, a California nonprofit public benefit corporation (the "Lender").

RECITALS

A. Lender has agreed to loan to Valencia Gardens Housing Limited Partnership (the "Borrower"), an amount not to exceed Fifteen Million Seven Hundred Sixteen Thousand Two Hundred Seventy Five Dollars ($15,716,275) (the "Loan") pursuant to the terms of that certain HOPE VI Loan Agreement and Promissory Note (the "Loan Documents") dated concurrently with this Guaranty. Proceeds of the Loan will be used in connection with the development of approximately two hundred sixty units of rental housing in San Francisco, California (the "Development").

B. To induce Lender to extend financial assistance to Borrower, and in consideration thereof and in consideration of the Loan, the undersigned hereby unconditionally guarantees, promises, and undertakes as follows:

TERMS

1. Guarantor hereby guarantees the performance by Borrower of all the terms and provisions of the Loan Documents with respect to the construction of the Development (the "Obligations"). Without limiting the generality of the foregoing, Guarantor guarantees that: (a) construction of the Development shall commence and be completed within the time limits set forth in the Loan Documents; (b) the Development shall be constructed and completed in accordance with the plans and specifications and the other provisions of the Loan Documents, without substantial deviation therefrom unless approved by Lender in writing or unless otherwise permitted pursuant to the Loan Documents; (c) the Development shall be constructed and completed free and clear of any mechanic's liens, materialman's liens and equitable liens, except as otherwise permitted under the terms of the Loan Documents; (d) all costs of constructing the Development shall be paid when due; and (e) the Loan proceeds shall remain available for disbursement free and clear of any stop notices.

2. Completion of the Development free and clear of liens shall be deemed to have occurred upon: (a)(i) Lender's receipt of a written statement or certificate executed by the architect designed or shown on the plans and specifications certifying, without qualification or exception, that the Development is completed, (ii) Lender's receipt of a certificate of occupancy for each unit or equivalent sign-off from the City Building Department, (iii) the expiration of the statutory period(s) within which valid mechanic's liens, materialman's liens and/or stop notices may be recorded and/or served by reason of the construction of the Development, or, alternatively, Lender's receipt of valid, unconditional releases thereof from all persons entitled to record said liens or serve said stop notices, (iv) receipt by Borrower of the third capital contribution from the Investor, conversion of the Construction Loan to the Permanent Loan, and closing of the MHP Loan; or (b) Lender's receipt of such other evidence of lien free completion

as Lender deems satisfactory in its reasonable discretion. Upon completion of the Development as described above, this Guaranty shall terminate and be of no further force or effect.

3. If the Development is not commenced and completed in the manner and within the time required by the Loan Documents, or if, prior to the expiration of the time limits for said completion set forth in the Loan Documents, construction of the Development should cease or be halted prior to completion and such cessation or halt constitutes a Default (as defined in the Loan Agreement), Guarantor shall, promptly upon demand of Lender: (a) diligently proceed to complete construction of the Development at Guarantor's sole cost and expense; (b) fully pay and discharge all claims for labor performed and material and services furnished in connection with the construction of the Development; (c) release and discharge all claims of stop notices, mechanic's liens, materialman's liens and equitable liens that may arise in connection with the construction of the Development; and (d) pay to Lender the amount of any loss or damages incurred by Lender as a result of any delay in the completion of construction of the Development beyond the time specified in the Loan Documents for such completion, which amount shall include, but not be limited to (i) interest, if any, on the principal amount outstanding under the Loan for any period of such delay which precedes the transfer of title to the Property to Lender; and (ii) the reasonable rental value less operating costs of the completed Development during any periods of the delay in completion that Lender is the owner of the Property. Without in any way limiting the above obligations of Guarantor, Lender shall make the undisbursed Loan funds available to Guarantor (pursuant to the terms and conditions of the Loan Documents) for the purposes of completing the Development and fulfilling Guarantor's other obligations under this Guaranty; provided, however, that the obligation of Lender to make such undisbursed Loan funds available to Guarantor under this Guaranty is expressly conditioned upon: (x) there being no continuing default by Guarantor under this Guaranty; and (y) Borrower (and/or Guarantor) having provided to Lender all Borrower's Funds required by the terms and conditions of the Loan Documents.

4. In the event that any bankruptcy, insolvency, receivership, or similar proceeding is instituted by or against Borrower or in the event that Borrower becomes insolvent, makes an assignment for the benefit of creditors, or attempts to effect a composition with creditors, then, at Lender's election, without notice or demand, the obligations of Guarantor created hereunder shall become due, payable, and enforceable against Guarantor. Lender shall not be required to, and Guarantor hereby waives any and all rights to require Lender to, prosecute, or seek to enforce any remedies against any other party liable to Lender on account of the obligations of Guarantor created hereunder.

5. Guarantor hereby authorizes Lender without notice or demand and without affecting its liability hereunder, from time to time to: (a) approve modifications to the plans and specifications so long as such modifications do not materially increase the cost of constructing the Development nor materially increase the time necessary to complete the Development; (b) change the terms or conditions of disbursement of the Loan so long as such changes do not materially interfere with Borrower's ability to construct the Development as and when required under the Loan Documents; (c) release or substitute any one or more endorser(s) or guarantor(s); (d) assign, in conjunction with the Loan Documents, without notice, this Guaranty in whole or in part and/or Lender's rights hereunder to anyone at any time; and (e) otherwise modify the Loan Documents. Guarantor agrees that Lender may do any or all of the foregoing in such manner,

upon such terms, and at such times as Lender, in its discretion, deems necessary, Guarantor hereby consents to each and all of the foregoing acts, events, and/or occurrences.

6. Guarantor hereby waives any right of subrogation Guarantor has or may have as against any other party with respect to the Obligations. In addition, Guarantor hereby waives any right to proceed against any other party, now or hereafter, for contribution, indemnity, reimbursement, and any other suretyship rights and claims, whether direct or indirect, liquidated or contingent, whether arising under express or implied contract or by operation of law, which Guarantor may now have or hereafter have as against any other party with respect to the Obligations. Guarantor agrees that in light of the immediately foregoing waivers, the execution of this Guaranty shall not be deemed to make Guarantor a "creditor" of Borrower under the Loan, and that for purposes of Sections 547 and 550 of the United States Bankruptcy Code of Sections 547 and 550 of the United States Bankruptcy Code (11 U.S.C. §§547, 550), Guarantor shall not be deemed a "creditor" of Borrower under the Loan due to the execution of this Guaranty.

7. Guarantor hereby waives any defense arising by reason of any claim based upon an election of remedies by Lender, which, in any manner impairs, affects, reduces, releases, destroys, and/or extinguishes Guarantor's subrogation rights, rights to proceed against any other party for reimbursement, and/or any other rights of Guarantor to proceed against any other guarantor, or against any other person or security. Guarantor waives all presentments, demands for performance, notices of nonperformance, protests, notices of protest, notices of dishonor, notices of default, notice of acceptance of this Guaranty, and notices of the existence, creation, or incurring of new or additional indebtedness, and all other notices of formalities to which Guarantor may be entitled.

8. Lender shall have recourse under this Guaranty only to the assets of Guarantor.

9. Guarantor represents and warrants that:

a) The Guarantor is a California nonprofit public benefit corporation duly formed under the laws of the State, is in good standing in the State, has the power and authority to own its properties and assets and to carry on its business as now conducted and as contemplated to be conducted, and has the power to enter into and has duly authorized, by proper action, the execution and delivery of this Guaranty and all other Loan Documents.

b) This Guaranty represents the legal, valid and binding obligations of the Guarantor, enforceable against the Guarantor in accordance with its terms, subject to (i) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws or enactments in effect now or in the future affecting the enforceability of creditors' rights generally and (ii) the exercise of judicial discretion.

c) The execution and delivery of this Guaranty and the fulfillment of or compliance with the terms and conditions hereof and thereof does not (i) conflict with or result in a breach of any of the terms, conditions or provisions of the Guaranty or of any other agreement or instrument to which it is now a party or by which it is bound, (ii) constitutes a default (with due notice or the passage of time or both) under any other agreement or instrument, or (iii) result in the creation or imposition of any prohibited lien, charge or encumbrance whatsoever upon any of the property or assets of Guarantor under the terms of any other agreement or instrument to which it is now a party or by which it is bound.

d) There is no action, suit, proceeding, inquiry or investigation by or before any court, governmental agency, public board or body pending or, to the best of the Guarantor's knowledge, threatened against it (nor is there any basis therefor), which (i) affects or seeks to prohibit, restrain or enjoin the execution or delivery of this Guaranty, (ii) affects or questions the validity or enforceability of this Guaranty, or (iii) questions its power or authority to perform its obligations under this Guaranty.

e) There is no action, suit or proceeding at law or in equity or by or before any governmental instrumentality or other agency now pending, or, to its knowledge, threatened against or affecting Guarantor, which, if adversely determined, would materially impair the Guarantor’s right to carry on business substantially as now conducted or as now contemplated to be conducted, or would materially adversely affect its financial condition. The Guarantor is not in material default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any material agreement or instrument to which it is a party.

f) The Guarantor is not in default under any order or decree of any court or any order, regulation or demand of any federal, state, municipal or governmental agency or any document, instrument or commitment to which it is a party, in any manner material to the obligations imposed by this Guaranty.

g) Guarantor has filed or caused to be filed all federal, state and local tax returns that are required to be filed, and has paid or caused to be paid all taxes as shown on said returns or on any assessment received by it, to the extent that such taxes have become due.

h) The credit and financial statements of the Guarantor, as presented to the Lender are true, correct and complete and fairly present the financial condition of Guarantor. There have been no material adverse changes in the business, operations, assets or financial condition of the Guarantor from that previously disclosed to the Lender and all of the information previously furnished to the Lender was true and correct when furnished and is true and correct as of the date of this Guaranty.

i) The Guarantor has not failed to disclose to the Lender any fact known to Guarantor or which should reasonably be expected to be known to Guarantor which materially and adversely affects, or which the Guarantor anticipates, or should reasonably be expected to anticipate, will materially and adversely affect, the Guarantor or its ability to perform its obligations under this Guaranty.

j) Each of the representations and warranties of Guarantor set forth in this Guaranty shall survive the execution and delivery of this Guaranty, the origination of the Loan, and any sale or assignment of the Loan, and shall be deemed remade by Guarantor upon, and shall survive, the Loan Closing. Guarantor acknowledges that this Guaranty and the rights and benefits under it will, if the Loan is sold or assigned, be assigned to the Lender's assignee and Guarantor hereby consents to that assignment.

10. This Guaranty shall be binding upon the successors and assigns of Guarantor and shall inure to the benefit of Lender's successors and assigns. The death of any officer of

Guarantor and their incapacity, lack of authority, or disability shall not terminate or otherwise impair this Guaranty.

11. No modification of this Guaranty shall be effective for any purposes unless it is in writing and executed by Lender. This Guaranty merges all negotiations, stipulations, and provisions relating to the subject matter of this Guaranty which preceded or may accompany the execution of this Guaranty.

12. Guarantor agrees to pay reasonable attorneys' fees and all other costs and expenses which may be incurred by Lender in the enforcement of this Guaranty or in any way arising out of, following, or consequential to the enforcement of the Obligations, whether under this Guaranty or otherwise.

13. All acts and transactions hereunder and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of the State of California.

14. All capitalized terms shall have the meanings ascribed to them in the Loan Documents unless otherwise defined in this Guaranty.

IN WITNESS WHEREOF, the undersigned has executed this Guaranty as of this first day of October, 2004.

GUARANTOR:

MISSION HOUSING DEVELOPMENT CORPORATION, a California nonprofit public benefit corporation

By: ______________________________

Its: ______________________________

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VALENCIA GARDENS HOPE VI LOAN
PROMISSORY NOTE

$15,716,275

San Francisco, California
October 1, 2004

FOR VALUE RECEIVED, the undersigned, VALENCIA GARDENS HOUSING LIMITED PARTNERSHIP ("Borrower"), promises to pay to the order of the SFHA HOUSING CORPORATION ("Lender") at its office at 440 Turk Street, San Francisco, CA 94102, or at such other place or places as the holder of this Note may from time to time designate, in lawful money of the United States, the principal sum of Fifteen Million Seven Hundred Sixteen Thousand Two Hundred Seventy Five Dollars ($15,716,275), plus interest thereon pursuant to Section 2 below.

1. Borrower's Obligation. This promissory note (the "Note") evidences the Borrower's obligation to pay the Lender the principal amount of Fifteen Million Seven Hundred Sixteen Thousand Two Hundred Seventy Five Dollars ($15,716,275) for the funds loaned to the Borrower by Lender to finance the development of the Valencia Gardens affordable rental development (the "Property") pursuant to the HOPE VI Construction/Permanent Loan Agreement between the Borrower and the Lender of even date herewith (the "Loan Agreement"). All capitalized terms not otherwise defined in this Note shall have the meanings set forth in the Loan Agreement.

2. Interest. The principal balance of this Note shall not bear interest; provided, however, if a Default occurs, interest on the principal balance shall begin to accrue, as of the date of Default and continuing until such time as the Loan funds are repaid in full or the Default is cured, at the default rate of the lesser of ten percent (10%), compounded annually, or the highest rate permitted by law.

3. Term and Repayment Requirements. The term of this Note (the "Term"), shall commence with the date of this Note and shall expire fifty-five (55) years after the date of issuance by the City of San Francisco of a Certificate of Occupancy for all units in the Development. This Note shall be due and payable as set forth in Section 2.7 of the Loan Agreement.

4. No Assumption. This Note shall not be assumable by the successors and assigns of Borrower without the prior written consent of the Lender, except as provided in Article 5 of the Loan Agreement.

5. Security. This Note is secured by a HOPE VI Loan Leasehold Deed of Trust, Assignment of Rents and Security Agreement (the "Deed of Trust"), of even date herewith, wherein the Borrower is the Trustor and the Lender is the Beneficiary, covering the Property.

6. Terms of Payment. (a) All payments due under this Note shall be paid in currency of the United States of America, which at the time of payment is lawful for the payment of public and private debts.

(b) All payments on this Note shall be paid to the holder of this Note at its office at 440 Turk Street, San Francisco, CA 94102, Attention: President or to such other place as the Lender may from time to time designate.

(c) All payments on this Note shall be without expense to the Lender, and the Borrower agrees to pay all costs and expenses, including re-conveyance fees and reasonable attorney's fees of the Lender, incurred in connection with the payment of this Note and the release of any security hereof.

(d) Notwithstanding any other provision of this Note, or any instrument securing the obligations of the Borrower under this Note, if, for any reason whatsoever, the payment of any sums by the Borrower pursuant to the terms of this Note would result in the payment of interest which would exceed the amount that the Lender may legally charge under the laws of the State of California, then the amount by which payments exceeds the lawful interest rate shall automatically be deducted from the principal balance owing on this Note, so that in no event shall the Borrower be obligated under the terms of this Note to pay any interest which would exceed the lawful rate.

(e) This Note shall be nonrecourse to the Borrower, pursuant to, and except as provided in, Section 2.8 of the Loan Agreement.

7. Default.

(a) Subject to the notice and cure periods set forth in Sections 5.1(c), 5.2 and 5.3 of the Loan Agreement, any of the following shall constitute an event of default under this Note:

(i) Any failure to pay, in full, any payment required under this Note within fifteen (15) days of written notice that such payment is due;

(ii) Any failure in the performance by the Borrower of any term, condition, provision or covenant set forth in this Note which failure is not cured within thirty (30) days;

(iii) The occurrence of any event of default under the Loan Agreement, the Deed of Trust, the Regulatory and Operating Agreement, or other instrument securing the obligations of the Borrower under this Note or under any other promissory notes hereafter issued by the Borrower to the Lender pursuant to the Loan Agreement or the Deed of Trust, subject to notice and cure periods, if any, set forth therein.

(b) Upon the occurrence of such an event of default, the entire unpaid principal balance, together with all interest thereon, and together with all other sums then payable under this Note and the Deed of Trust shall at the option of the Lender become immediately due and payable upon written notice by the Lender to the Borrower without further demand.

(c) The failure to exercise the remedy set forth in Subsection 7(b) above or any other remedy provided by law upon the occurrence of one or more of the foregoing events of default shall not constitute a waiver of the right to exercise any remedy at any subsequent time in respect to the same or any other default. The acceptance by Lender hereof of any payment which is less than the total of all amounts due and payable at the time of such payment shall not constitute a waiver of the right to exercise any of the foregoing remedies or options at that time or at any subsequent time, or nullify any prior exercise of any such remedy or option, without the express consent of the Lender, except as and to the extent otherwise provided by law.

8. Waivers.

(a) The Borrower hereby waives diligence, presentment, protest and demand, and notice of protest, notice of demand, and notice of dishonor of this Note. The Borrower expressly agrees that this Note or any payment hereunder may be extended from time to time, and that the Lender may accept further security or release any security for this Note, all without in any way affecting the liability of the Borrower.

(b) No extension of time for payment of this Note or any installment hereof made by agreement by the Lender with any person now or hereafter liable for payment of this note shall operate to release, discharge, modify, change or affect the original liability of the Borrower under this Note, either in whole or in part.

(c) The obligations of the Borrower under this Note shall be absolute and the Borrower waives any and all rights to offset, deduct or withhold any payments or charges due under this Note for any reason whatsoever.

9. Miscellaneous Provisions.

(a) All notices to the Lender or the Borrower shall be given in the manner and at the addresses set forth in the Loan Agreement, or to such addresses as the Lender and the Borrower may hereinafter designate. Copies of notices to Borrower from Lender shall also be provided by Lender to any limited partner of Borrower who requests such notice in writing and provides the Lender with written notice of its address.

(b) The Borrower promises to pay all costs and expenses, including reasonable attorney's fees, incurred by the Lender in the enforcement of the provision of this Note, regardless of whether suit is filed to seek enforcement.

(c) This Note may not be changed orally, but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

(d) This Note shall be governed by and construed in accordance with the laws of the State of California.

(e) The times for the performance of any obligations hereunder shall be strictly construed, time being of the essence.

(f) This document, together with the Loan Documents, contains the entire agreement between the parties as to the Loan. It may not be modified except upon written consent of the parties.

IN WITNESS WHEREOF, Borrower has caused this Note to be executed and delivered on the date set forth above.

BORROWER:

VALENCIA GARDENS HOUSING LIMITED PARTNERSHIP

By: Mission Housing Development Corporation, a California nonprofit public benefit corporation, its general partner

By:______________________________

Its:______________________________

By:______________________________

Its:______________________________

COMPLETION GUARANTY

THIS COMPLETION GUARANTY (the "Guaranty") is made as of October 1, 2004 by Mission Housing Development Corporation, a California nonprofit public benefit corporation (the "Guarantor"), in favor of the SFHA HOUSING CORPORATION, a California nonprofit public benefit corporation (the "Lender").

RECITALS

A. Lender has agreed to loan to Valencia Gardens Housing Limited Partnership (the "Borrower"), an amount not to exceed Fifteen Million Seven Hundred Sixteen Thousand Two Hundred Seventy Five Dollars ($15,716,275) (the "Loan") pursuant to the terms of that certain HOPE VI Loan Agreement and Promissory Note (the "Loan Documents") dated concurrently with this Guaranty. Proceeds of the Loan will be used in connection with the development of approximately two hundred sixty units of rental housing in San Francisco, California (the "Development").

B. To induce Lender to extend financial assistance to Borrower, and in consideration thereof and in consideration of the Loan, the undersigned hereby unconditionally guarantees, promises, and undertakes as follows:

TERMS

1. Guarantor hereby guarantees the performance by Borrower of all the terms and provisions of the Loan Documents with respect to the construction of the Development (the "Obligations"). Without limiting the generality of the foregoing, Guarantor guarantees that: (a) construction of the Development shall commence and be completed within the time limits set forth in the Loan Documents; (b) the Development shall be constructed and completed in accordance with the plans and specifications and the other provisions of the Loan Documents, without substantial deviation therefrom unless approved by Lender in writing or unless otherwise permitted pursuant to the Loan Documents; (c) the Development shall be constructed and completed free and clear of any mechanic's liens, materialman's liens and equitable liens, except as otherwise permitted under the terms of the Loan Documents; (d) all costs of constructing the Development shall be paid when due; and (e) the Loan proceeds shall remain available for disbursement free and clear of any stop notices.

2. Completion of the Development free and clear of liens shall be deemed to have occurred upon: (a)(i) Lender's receipt of a written statement or certificate executed by the architect designed or shown on the plans and specifications certifying, without qualification or exception, that the Development is completed, (ii) Lender's receipt of a certificate of occupancy for each unit or equivalent sign-off from the City Building Department, (iii) the expiration of the statutory period(s) within which valid mechanic's liens, materialman's liens and/or stop notices may be recorded and/or served by reason of the construction of the Development, or, alternatively, Lender's receipt of valid, unconditional releases thereof from all persons entitled to record said liens or serve said stop notices, (iv) receipt by Borrower of the third capital contribution from the Investor, conversion of the Construction Loan to the Permanent Loan, and closing of the MHP Loan; or (b) Lender's receipt of such other evidence of lien free completion

as Lender deems satisfactory in its reasonable discretion. Upon completion of the Development as described above, this Guaranty shall terminate and be of no further force or effect.

3. If the Development is not commenced and completed in the manner and within the time required by the Loan Documents, or if, prior to the expiration of the time limits for said completion set forth in the Loan Documents, construction of the Development should cease or be halted prior to completion and such cessation or halt constitutes a Default (as defined in the Loan Agreement), Guarantor shall, promptly upon demand of Lender: (a) diligently proceed to complete construction of the Development at Guarantor's sole cost and expense; (b) fully pay and discharge all claims for labor performed and material and services furnished in connection with the construction of the Development; (c) release and discharge all claims of stop notices, mechanic's liens, materialman's liens and equitable liens that may arise in connection with the construction of the Development; and (d) pay to Lender the amount of any loss or damages incurred by Lender as a result of any delay in the completion of construction of the Development beyond the time specified in the Loan Documents for such completion, which amount shall include, but not be limited to (i) interest, if any, on the principal amount outstanding under the Loan for any period of such delay which precedes the transfer of title to the Property to Lender; and (ii) the reasonable rental value less operating costs of the completed Development during any periods of the delay in completion that Lender is the owner of the Property. Without in any way limiting the above obligations of Guarantor, Lender shall make the undisbursed Loan funds available to Guarantor (pursuant to the terms and conditions of the Loan Documents) for the purposes of completing the Development and fulfilling Guarantor's other obligations under this Guaranty; provided, however, that the obligation of Lender to make such undisbursed Loan funds available to Guarantor under this Guaranty is expressly conditioned upon: (x) there being no continuing default by Guarantor under this Guaranty; and (y) Borrower (and/or Guarantor) having provided to Lender all Borrower's Funds required by the terms and conditions of the Loan Documents.

4. In the event that any bankruptcy, insolvency, receivership, or similar proceeding is instituted by or against Borrower or in the event that Borrower becomes insolvent, makes an assignment for the benefit of creditors, or attempts to effect a composition with creditors, then, at Lender's election, without notice or demand, the obligations of Guarantor created hereunder shall become due, payable, and enforceable against Guarantor. Lender shall not be required to, and Guarantor hereby waives any and all rights to require Lender to, prosecute, or seek to enforce any remedies against any other party liable to Lender on account of the obligations of Guarantor created hereunder.

5. Guarantor hereby authorizes Lender without notice or demand and without affecting its liability hereunder, from time to time to: (a) approve modifications to the plans and specifications so long as such modifications do not materially increase the cost of constructing the Development nor materially increase the time necessary to complete the Development; (b) change the terms or conditions of disbursement of the Loan so long as such changes do not materially interfere with Borrower's ability to construct the Development as and when required under the Loan Documents; (c) release or substitute any one or more endorser(s) or guarantor(s); (d) assign, in conjunction with the Loan Documents, without notice, this Guaranty in whole or in part and/or Lender's rights hereunder to anyone at any time; and (e) otherwise modify the Loan Documents. Guarantor agrees that Lender may do any or all of the foregoing in such manner,

upon such terms, and at such times as Lender, in its discretion, deems necessary, Guarantor hereby consents to each and all of the foregoing acts, events, and/or occurrences.

6. Guarantor hereby waives any right of subrogation Guarantor has or may have as against any other party with respect to the Obligations. In addition, Guarantor hereby waives any right to proceed against any other party, now or hereafter, for contribution, indemnity, reimbursement, and any other suretyship rights and claims, whether direct or indirect, liquidated or contingent, whether arising under express or implied contract or by operation of law, which Guarantor may now have or hereafter have as against any other party with respect to the Obligations. Guarantor agrees that in light of the immediately foregoing waivers, the execution of this Guaranty shall not be deemed to make Guarantor a "creditor" of Borrower under the Loan, and that for purposes of Sections 547 and 550 of the United States Bankruptcy Code of Sections 547 and 550 of the United States Bankruptcy Code (11 U.S.C. §§547, 550), Guarantor shall not be deemed a "creditor" of Borrower under the Loan due to the execution of this Guaranty.

7. Guarantor hereby waives any defense arising by reason of any claim based upon an election of remedies by Lender, which, in any manner impairs, affects, reduces, releases, destroys, and/or extinguishes Guarantor's subrogation rights, rights to proceed against any other party for reimbursement, and/or any other rights of Guarantor to proceed against any other guarantor, or against any other person or security. Guarantor waives all presentments, demands for performance, notices of nonperformance, protests, notices of protest, notices of dishonor, notices of default, notice of acceptance of this Guaranty, and notices of the existence, creation, or incurring of new or additional indebtedness, and all other notices of formalities to which Guarantor may be entitled.

8. Lender shall have recourse under this Guaranty only to the assets of Guarantor.

9. Guarantor represents and warrants that:

a) The Guarantor is a California nonprofit public benefit corporation duly formed under the laws of the State, is in good standing in the State, has the power and authority to own its properties and assets and to carry on its business as now conducted and as contemplated to be conducted, and has the power to enter into and has duly authorized, by proper action, the execution and delivery of this Guaranty and all other Loan Documents.

b) This Guaranty represents the legal, valid and binding obligations of the Guarantor, enforceable against the Guarantor in accordance with its terms, subject to (i) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws or enactments in effect now or in the future affecting the enforceability of creditors' rights generally and (ii) the exercise of judicial discretion.

c) The execution and delivery of this Guaranty and the fulfillment of or compliance with the terms and conditions hereof and thereof does not (i) conflict with or result in a breach of any of the terms, conditions or provisions of the Guaranty or of any other agreement or instrument to which it is now a party or by which it is bound, (ii) constitutes a default (with due notice or the passage of time or both) under any other agreement or instrument, or (iii) result in the creation or imposition of any prohibited lien, charge or encumbrance whatsoever upon any of the property or assets of Guarantor under the terms of any other agreement or instrument to which it is now a party or by which it is bound.

d) There is no action, suit, proceeding, inquiry or investigation by or before any court, governmental agency, public board or body pending or, to the best of the Guarantor's knowledge, threatened against it (nor is there any basis therefor), which (i) affects or seeks to prohibit, restrain or enjoin the execution or delivery of this Guaranty, (ii) affects or questions the validity or enforceability of this Guaranty, or (iii) questions its power or authority to perform its obligations under this Guaranty.

e) There is no action, suit or proceeding at law or in equity or by or before any governmental instrumentality or other agency now pending, or, to its knowledge, threatened against or affecting Guarantor, which, if adversely determined, would materially impair the Guarantor’s right to carry on business substantially as now conducted or as now contemplated to be conducted, or would materially adversely affect its financial condition. The Guarantor is not in material default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any material agreement or instrument to which it is a party.

f) The Guarantor is not in default under any order or decree of any court or any order, regulation or demand of any federal, state, municipal or governmental agency or any document, instrument or commitment to which it is a party, in any manner material to the obligations imposed by this Guaranty.

g) Guarantor has filed or caused to be filed all federal, state and local tax returns that are required to be filed, and has paid or caused to be paid all taxes as shown on said returns or on any assessment received by it, to the extent that such taxes have become due.

h) The credit and financial statements of the Guarantor, as presented to the Lender are true, correct and complete and fairly present the financial condition of Guarantor. There have been no material adverse changes in the business, operations, assets or financial condition of the Guarantor from that previously disclosed to the Lender and all of the information previously furnished to the Lender was true and correct when furnished and is true and correct as of the date of this Guaranty.

i) The Guarantor has not failed to disclose to the Lender any fact known to Guarantor or which should reasonably be expected to be known to Guarantor which materially and adversely affects, or which the Guarantor anticipates, or should reasonably be expected to anticipate, will materially and adversely affect, the Guarantor or its ability to perform its obligations under this Guaranty.

j) Each of the representations and warranties of Guarantor set forth in this Guaranty shall survive the execution and delivery of this Guaranty, the origination of the Loan, and any sale or assignment of the Loan, and shall be deemed remade by Guarantor upon, and shall survive, the Loan Closing. Guarantor acknowledges that this Guaranty and the rights and benefits under it will, if the Loan is sold or assigned, be assigned to the Lender's assignee and Guarantor hereby consents to that assignment.

10. This Guaranty shall be binding upon the successors and assigns of Guarantor and shall inure to the benefit of Lender's successors and assigns. The death of any officer of

Guarantor and their incapacity, lack of authority, or disability shall not terminate or otherwise impair this Guaranty.

11. No modification of this Guaranty shall be effective for any purposes unless it is in writing and executed by Lender. This Guaranty merges all negotiations, stipulations, and provisions relating to the subject matter of this Guaranty which preceded or may accompany the execution of this Guaranty.

12. Guarantor agrees to pay reasonable attorneys' fees and all other costs and expenses which may be incurred by Lender in the enforcement of this Guaranty or in any way arising out of, following, or consequential to the enforcement of the Obligations, whether under this Guaranty or otherwise.

13. All acts and transactions hereunder and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of the State of California.

14. All capitalized terms shall have the meanings ascribed to them in the Loan Documents unless otherwise defined in this Guaranty.

IN WITNESS WHEREOF, the undersigned has executed this Guaranty as of this first day of October, 2004.

GUARANTOR:

MISSION HOUSING DEVELOPMENT
CORPORATION, a California nonprofit
public benefit corporation

By: __________

Its: ______________________________

E

SAN FRANCISCO HOUSING AUTHORITY
440 Turk Street • San Francisco CA • 94112 • (415) 554-1200

DATE: October 28, 2004

TO: SAN FRANCISCO HOUSING AUTHORITY COMMISSIONERS

George R. Brown, President
Betty J. Smith, Vice President
Sululagi Palega, Sr., Commissioner
Julie Lee, Commissioner
Neola Gans, Commissioner
Rev. Amos Brown, Commissioner

FROM: Gregg Fortner, Secretary/Executive Director

SUBJECT: **RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH BEST ROOFING AND WATERPROOFING INC. FOR THE WINDOW AND EXTERIOR DOOR REPAIRS AT CAL 1-21, 320/330 CLEMENTINA STREET, IN AN AMOUNT NOT TO EXCEED $478,000**

OVERVIEW

This Resolution authorizes the Executive Director to enter into a contract with Best Roofing and Waterproofing Inc. for the Window and Exterior Door Repairs at CAL 1-21, 320/330 Clementina Street, a senior development. The 320/330 Clementina Street property was built in 1971. The two buildings are each thirteen stories tall and contain 276 senior and disabled dwelling units.

During a recent waterproofing contract at Clementina, some of the exterior doors and windows were found to be beyond repair due to age and delayed maintenance. Those doors and windows were listed for future replacement on a separate contract, instead of a change order to the waterproofing contract. This new competitively bid contract will complete the repairs to all the exterior envelope of Clementina and assure that our senior and disabled residents have an environment sealed from the elements.

PROCUREMENT

The Authority issued Solicitation No. 04-620-IFB-030 on July 12, 2004, following review and approval of the solicitation by the Finance and Procurement Departments. The procurement process for the action covered by this Resolution meets the procurement standards of 24 CFR 85.36 "Procurement", HUD Handbook 7460.8 REV 1, "Procurement Handbook for Public

Housing Agencies and Indian Housing Authorities", the San Francisco Housing Authority Procurement Policy Manual, and the State of California, and local laws.

The Housing Development & Modernization Department developed the Invitation for Bid Documents based on master procurement documents furnished by the Authority's Procurement & Contracts Department. The Construction Documents (Drawings and technical Specifications) were furnished by the Authority's Consultant Architects, Lin + Meinhardt. The documents were reviewed and approved by the Procurement & Contracts Department prior to the start of the bid process.

The Authority advertised for bidders and conducted outreach to potential bidders as follows:

Past Bidders List, Contractors Blue Book & Yellow Pages: The Authority e-mailed, faxed or mailed its Invitation for Bid advertisement to 62 individual contractors from the Authority's Past Bidders List, the Contractors Blue Book, and Telephone Directory Yellow Pages.

HRC: The Authority e-mailed, faxed or mailed its Invitation for Bid advertisement to 31 MBE/WBE glazing contractors and general contractors listed by the San Francisco Human Rights Commission.

Labor Unions: The Authority mailed its Invitation for Bid Documents, Plans & Specifications to the San Francisco Building Trade Council and the United Brotherhood of Carpenters, Local #22. A representative of Waterproofers Union Local No. 40, Steven Tucker, was present at the bid opening.

Newspapers: The Authority publicly advertised its Invitation for Bid in the following newspapers:
- Daily Pacific Builder (trade publication)
- San Francisco Bay View (African American community)
- Sing Tao Daily (Asian American Community)

Additional Newspapers: The Authority e-mailed its Invitation for Bid advertisement to the San Francisco Board of Supervisor's office, who placed the advertisement in the following community newspapers:
- El Latino (Hispanic American community)
- El Reportero (Hispanic American community)
- Asian Week (Chinese American community)
- Chinese Times (Chinese American community)
- San Francisco Bay Times (Lesbian/Gay/Bi-sexual/Transgender community)
- San Francisco Spectrum (Lesbian/Gay/Bi-sexual/Transgender community)

Public Agency Websites: The Authority e-mailed its Invitation for Bid advertisement to the following agencies, who placed the advertisement in their website bulletin boards:
- City and County of San Francisco (City Purchasing Department)
- California State Contracts Register (Office of Small Business Certification and Resources)
- Small Business Administration's PRO-Net (Office of Government Contracting & Minority Enterprise Development)
- U.S. Department of Commerce's BIDNET (Minority Business Development Agency)

Builders Exchanges: The Authority sent its Invitation for Bid Documents, Plans & Specifications to the following Builders Exchanges, where the documents were available to Contractors for review and bid preparation:

- San Francisco Builders Exchange
- Peninsula Builders Exchange
- Builders Exchange of Alameda County
- Santa Clara Builders Exchange
- Contra Costa Builders Exchange
- BV2HP Builders Exchange
- MECA Builders Exchange (member base composed of small DBE, M/WBE firms)
- Marin Builders Exchange
- Construction Data Plan Room
- San Francisco Building and Construction Trade Council

Seven potential bidders requested the Bid Documents. An on-site bid walk held July 20, 2004, allowed potential bidders to become familiar with the nature of the proposed work. Seven contractors attended, along with the Consultant Architect. and Authority staff from the Modernization and Procurement Departments.

BIDDER SELECTION PROCESS

Sealed bids were due before 2:00 PM, Thursday, August 5, 2004. The Authority received one bid from a responsive and responsible contractor. An additional bid that arrived 45 minutes late was disqualified in accordance with HUD-5369, Instructions to Bidders for Contracts. The bid was publicly opened and read aloud. The bid submittal documents were reviewed by Modernization staff and forwarded to the Procurement & Contracts Department for review and approval to prepare this Resolution.

Because the bid exceeds $100,000 and only one timely bid was received, HUD approval is required ~~to~~ before the contract can be awarded. HUD has approved the award. Authority staff contacted the contractors that attended the bid walk and later chose not to bid. The difficulty of access for materials and labor to the individual balconies on the high-rise buildings was given as the reason those contractors chose not to bid. The Contractor's bid is as follows:

RESPONSIVE AND RESPONSIBLE BID PROPOSAL

Bidder	Bid Proposal	25% Resident Hiring	Contractor MBE/ WBE	Sub Contractors	MBE/WBE Sub Contractor% of Total Job	Total MBE/ WBE
Best Roofing and Waterproofing	$478,000	Yes	No	Two	19.5%	19.5%

NON-RESPONSIVE BID PROPOSAL

	Bid Documents were delivered late and unopened as required by HUD and Housing Authority regulations

In accordance with HUD-5369, Instructions to Bidders for Contracts, the contract award is based on the lowest, responsive, and responsible bidder. Based on the above, the lowest, responsive, and responsible bidder is Best Roofing and Waterproofing Inc. (Best). Best's bid is 14% higher than the cost estimate and the budgeted amount. Best is a participant in a California State Department of Apprenticeship Program.

According to the reference check on past projects performed by Best Roofing and Waterproofing Inc., the firm is a responsible contractor with a good record. They have performed similar contracts for other public agencies and have a good history of minimizing contractor-initiated change orders. Best performed well for the completed Authority project for Clementina Waterproofing work. Best completed the project on schedule despite adverse weather conditions during part of the work. A debarment check was made and shows that Best Roofing and Waterproofing, Inc. is not debarred from Federal Procurement and Non-Procurement work.

OBJECTIVES

The objective of the Resolution is to authorize the Executive Director to enter into a contract for the replacement and repairs of certain windows and exterior doors required to make the buildings water resistant. Work under this contract will generally include, but not be limited to, the following:

- Selective sliding glass door replacement.
- Selective hollow metal door and frame replacement.
- Sliding glass door latch/lock replacement.
- Weather-stripping and repairs of community room doors and windows.
- Door closer replacement of main entrance doors.
- Replacement of all broken glass.

PRESENT SITUATION

The Authority recently performed extensive exterior repairs and waterproofing to the exterior walls and balconies of the two buildings at 320/330 Clementina Street. Defective sliding balcony doors and windows were discovered during that contract. Because some were beyond repair, there are residents with sliding patio doors that are difficult to operate, which limit ventilation and access to their balconies. There are windows that allow water and air infiltration into the building.

ANTICIPATED OUTCOMES

The replacement and repair of all the proposed windows and doors will address resident concerns about operating their sliding patio doors easily (an ADA requirement) and safely. The work covered in this contract will complete the sealing of the exterior envelope of these buildings. Best will provide a five-year guarantee for the new sliding doors and two-year warranty for all other materials and workmanship in compliance with Authority standards.

WHO BENEFITS

Public housing residents will benefit from improved living conditions with improved insulation and freedom from air and water infiltration. Residents will be able to operate the doors with ease. The absence of maintenance calls will result in substantial operating savings to the Authority. The capital improvements will also benefit the Authority's real property assets and add to the longevity of the structures. The construction will also provide employment for public housing residents. By hiring residents, Best is helping to create a pool of qualified residents for future work on similar Authority construction projects.

BUDGET CONSIDERATION

The Window and Exterior Door Repairs are funded by the Year 2003 Capital Fund Program.

RESIDENT HIRING

Best Roofing and Waterproofing, Inc. is committed to achieving the 25 percent resident hiring goal on this job as it has on prior contracts with the Authority. The contractor estimates that it will take about 4,500 hours to complete the project, of which a minimum 1,125 hours will be resident hire employment. In addition to the resident construction workers, a resident will be hired part-time to coordinate required access to the residents' units.

After the Authority's waterproofing contract at Clementina was completed in January 2004, Best has continued to employ a resident hired for that contract.

MBE/WBE PARTICIPATION

For this contract, Best has achieved 19.5% MBE/WBE participation with its listed subcontractors and suppliers.

RECOMMENDATION

Staff urges adoption of this Resolution.

(Prepared by: Edda Picini, Robert Dahlstrom and Barbara Smith)

RESOLUTION NO. 5190
ADOPTED 10/28/04

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH BEST ROOFING AND WATERPROOFING INC. FOR THE WINDOW AND EXTERIOR DOOR REPAIRS AT CAL 1-21, 320/330 CLEMENTINA STREET, IN AN AMOUNT NOT TO EXCEED $478,000

WHEREAS, The San Francisco Housing Authority publicly advertised Solicitation No. 04-620-IFB-030 for Window and Exterior Door Repairs at CAL 1-21, 320/330 Clementina Street; and

WHEREAS, Best Roofing and Waterproofing Inc. submitted the lowest responsive and responsible bid of $478,000 to provide for Window and Exterior Door Repairs Work at CAL 1-21, 320/330 Clementina Street; and

WHEREAS, these services are necessary to protect the health and welfare of residents; and

WHEREAS, funding is available through the HUD 2003 Capital Fund Program; and

WHEREAS, the procurement process for those actions covered by this Resolution meet the procurement standards of 24 CFR 85.36 “Procurement”, HUD Handbook 7460.8 REV 1, “Procurement Handbook for Public Housing Agencies and Indian Housing Authorities”, the San Francisco Housing Authority Procurement Policy Manual and State of California and local laws; and

WHEREAS, all additional relevant documents submitted by the low bidder have been reviewed and found to be in order; and

WHEREAS, Best Roofing and Waterproofing Inc. will meet the Resident Hiring requirements.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSION OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO THAT:

1. The Executive Director is authorized to enter into a contract with Best Roofing and Waterproofing Inc. for Window and Exterior Door Repairs at CAL 1-21, 320/330 Clementina Street, in an amount Not-To-Exceed $478,000.

2. This Resolution shall take effect immediately.

APPROVED AS TO FORM AND LEGALITY: **REVIEWED BY:**

Donna Mart

DONNA MARTIN, General Counsel

Date: 10 · 22 · 04

GREGG FORTNER, Executive Director

Date: 10/22/04

SAN FRANCISCO HOUSING AUTHORITY
440 TURK STREET • SAN FRANCISCO • CALIFORNIA • 94102 • (415) 554-1200

CERTIFICATE

I, George R. Brown, duly elected President of the Board of Commissioners of the Housing Authority of the City and County of San Francisco, do hereby certify that the following was adopted at the Regular Meeting of the Commission held on October 28, 2004:

RESOLUTION NO. 5190

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH BEST ROOFING AND WATERPROOFING INC. FOR THE WINDOW AND EXTERIOR DOOR REPAIRS AT CAL 1-21, 320/330 CLEMENTINA STREET, IN AN AMOUNT NOT TO EXCEED $478,000.00

Attached is a true and correct copy of the Resolution as adopted at the said meeting, on file and on record as adopted by the following vote of the Members:

FOR ADOPTION:
George R. Brown
Betty J. Smith
Neola Gans
Amos Brown

AGAINST ADOPTION:

ABSENT (EXCUSED):
Julie Lee
Sululagi Palega, Sr.

IN TESTIMONY, WHEREOF, I have hereto set my hand and seal of said Authority this date: November 18, 2004.

George R. Brown

George R. Brown, President
SFHA Commission

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BEST

Industrial · Commercial

State Contractor License No. 456263
29300 Pacific Street, Hayward, CA 94544
Phone: (510) 886-7240 Fax: (510) 886-7322

OCT 20 2004
HDO/MCD
DEPARTMENTS

FAX COVER SHEET

BoB
FYI
E

Date : October 20, 2004

To : Ms. Edda Piccini

Company : San Francisco Housing Authority

Page(s) Faxing 3

Fax # : (415) 715-3243

From : Valorie for Mohammad H. Beigi

Subject : Participation

Dear Ms. Piccini:

Attached, please find letter showing we are a participant of the Bay Area Counties Roofing/Waterproofing Industry Apprenticeship Program. We have also requested a letter from the Glaziers Union, and will fax to you as soon as we receive.

Thank you.

Valorie

ASSOCIATED ROOFING CONTRACTORS
OF THE BAY AREA COUNTIES, INC

8301 EDGEWATER DRIVE, OAKLAND, CALIFORNIA 94621
TELEPHONE (510) 635-8800 FAX: (510) 569-ROOF (7663)
WEB SITE: WWW.ARCBAC.ORG E-MAIL: INFO@ARCBAC.ORG

December 19, 2002

M. Duane Mongerson
Bay Area Counties Roofing/Waterproofing
Industry Apprenticeship Program
900 Murmansk Street
Building 640, Suite 37
Oakland, CA 94607

Dear Duane:

As per your request, this letter will serve to confirm that as members of Associated Roofing Contractors of the Bay Area Counties, Inc., the companies listed below are (a) members of our multi-employer bargaining unit, and as such are signatory to our Working Agreements with Local 40 (San Francisco and San Mateo Counties) and Local 81 (Alameda, Contra Costa, Lake, Marin, Mendocino, Napa, Solano and Sonoma Counties) of the United Union of Roofers, Waterproofers and Allied Workers, AFL-CIO, and (b) approved to train apprentices under the authority of the East Bay/North Bay Counties and West Bay Counties Roofers and Waterproofers Joint Apprenticeship and Training Committees.

Ace Roofing Company, 1150 E. 19th Avenue, San Mateo 94403
Acme Roofing Company, 1400 Wallace Avenue, San Francisco 94124
Alcal Roofing & Insulation, 31164 Huntwood Avenue, Hayward 94544
Alliance Roofing, 1250 Campbell Avenue, San Jose 95126
Andy's Roofing Company, 140 S. Whisman Road, Mountain View 94041
Aqua Proof, Inc., 2021 Las Positas Court, Livermore 94550
Armor Company, 8505 Church Street, #8, Gilroy 95020
B&R Roofing Company, 2100 Embarcadero, #201, Oakland 94606
Best Roofing & Waterproofing, 29300 Pacific Avenue, Hayward 94544
Blue's Roofing Company, 1181 Campbell Avenue, San Jose 95126
CAWC Waterproofing & Restoration, P.O. Box 4448, Burlingame 94011
Caldwell Roofing Company, 562-A West 10th Street, Pittsburg 94565
Central Bay Roofing, 1814 Clement Avenue, Alameda 94501
Dubois Roofing, 99 Duarte Avenue, Fremont 94536
Elliott & Elliott Company, 745 Kevin Court, Oakland 94621
Enterprise Roofing Service, P.O. Box 27368, Concord 94527
Excelsior Roofing Company, 55 Elmira, San Francisco 94124
Henris Roofing Company, P.O. Box 138, Petaluma 94952

Heritage Contracting Services, Rt. 2, Box 347, La Honda 94020
Hester Roofing, 8120 35th Avenue, Sacramento 95824
Izmirian Roofing & Sheet Metal, 229 S. Railroad Avenue, San Mateo 94401
Johnston Roofing, 201 Berrellesa Street, Martinez 94553
King's Roofing, P.O. Box 1542, Patterson 95363
Malott & Peterson Roofing Company, 801 Virginia Street, Berkeley 94710
Pioneer Contractors, Inc., 1485 Armstrong Avenue, San Francisco 94124
Reinhardt Roofing, Inc., 8250 Enterprise Drive, Newark 94560
Solano County Roofing, 4349 Cordelia Road, Fairfield 94534
Sparks Roofing Company, Inc., P.O. Box 21563, Concord 94521
The Lawson Roofing Company, Inc., 1495 Tennessee St., San Francisco 94107
Western Roofing Service, 2594 Oakdale Avenue, San Francisco 94124

As of this date, the 30 contractors named above are members in good standing of this Association. If and when additional contractors join the Association, you will be notified.

Sincerely,

William T. Callahan, Jr., Ph.D.
Executive Director

F

SAN FRANCISCO HOUSING AUTHORITY
440 Turk Street • San Francisco CA • 94112 • (415) 554-1200

DATE: October 28, 2004

TO: SAN FRANCISCO HOUSING AUTHORITY COMMISSIONERS

George R. Brown, President
Betty J. Smith, Vice President
Sululagi Palega, Sr., Commissioner
Julie Lee, Commissioner
Neola Gans, Commissioner
Rev. Amos Brown, Commissioner

FROM: Gregg Fortner, Secretary/Executive Director

SUBJECT: **RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH AYOOB & PEERY PLUMBING CO., INC. FOR BOILER, PUMP, AND PIPE REPLACEMENT WORK AT CAL 1-18(6), PING YUEN NORTH, IN AN AMOUNT NOT TO EXCEED $246,600**

OVERVIEW

This resolution authorizes the Executive Director to enter into a contract with Ayoob & Peery Co., Inc. for boiler, pump, and pipe replacement work at Ping Yuen North, a family and senior development. The twelve-story Ping Yuen North building was constructed in 1961 with 194 family, senior, and disabled dwelling units.

The Heating and Domestic Hot Water System is forty-three years old, and beyond repair. The existing boilers are unreliable and their replacement is urgently needed to ensure uninterrupted heat and hot water to family, senior, and disabled residents. Unless the boilers are replaced, the availability of continuous heat and hot water during the cool fall months and following winter cannot be assured.

PROCUREMENT

The Authority issued Solicitation No. 04-620-IFB-026 on July 26, 2004, following review and approval of the solicitation by the Finance and Procurement & Contracts (Procurement) Departments. The procurement process for the action covered by this resolution meets the procurement standards of 24 CFR 85.36 "Procurement", HUD Handbook 7460.8 REV 1, "Procurement Handbook for Public Housing Agencies and Indian Housing Authorities", the San

Francisco Housing Authority Procurement Policy Manual, and the State of California, and local laws.

The Housing Development & Modernization Department (HD&Mod) developed the Invitation for Bid documents, Plans, and Specifications based on master procurement documents furnished by Procurement and construction documents (drawings and technical specifications) furnished by the Authority's Mechanical Engineering consultant, Mechanical Solutions. The documents were reviewed and approved by Procurement prior to the start of the bid process.

The Authority advertised for bidders and outreached to potential bidders as follows:

Past Bidders List, Contractors Blue Book & Yellow Pages: The Authority e-mailed, faxed or mailed its Invitation for Bid advertisement to sixty-one (61) individual contractors from the Authority's Past Bidders List, the Contractors Blue Book and Telephone Directory Yellow Pages.

HRC: The Authority e-mailed, faxed or mailed its Invitation for Bid advertisement to twenty-two (22) MBE/WBE contractor listed by the San Francisco Human Rights Commission.

Labor Unions: The Authority mailed its Invitation for Bid Documents, Plans & Specifications to the San Francisco Buildings Trade Council, and Plumbers Union Local 38. Following the bid walk, staff contacted the Plumbers Union Local 38 Business Agent several times to enlist his support in encourage more bidders.

Newspapers: The Authority publicly advertised its Invitation for Bid advertisement in the following newspapers:
Daily Pacific Builder, (trade publication)
San Francisco Bay View, (African American community)
World Journal, (Asian American Community)

Additional Newspapers: The Authority e-mailed its Invitation for Bid advertisement to the San Francisco Board of Supervisors office who placed the advertisement in the following community newspapers:

- El Latino (Hispanic American community),
- El Reportero (Hispanic American community),
- Asian Week (Chinese American community),
- Chinese Times (Chinese American community),
- San Francisco Bay Times (Lesbian/Gay/Bi-sexual/Transgender community),
- San Francisco Spectrum (Lesbian/Gay/Bi-sexual/Transgender community).

Public Agency Websites: The Authority e-mailed its Invitation for Bid advertisement to the following agencies who placed the advertisement in their website bulletin boards:

- City and County of San Francisco (City Purchasing Department),
- California State Contracts Register (Office of Small Business Certification and Resources),
- Small Business Administration's PRO-Net (Office of Government Contracting & Minority Enterprise Development).
- U.S. Department of Commerce's BIDNET (Minority Business Development Agency)

Builders Exchanges: The Authority sent its Invitation for Bid Documents, Plans & Specifications to the following Builders Exchanges, where the documents are available to Contractors for review and bid preparation:

- San Francisco Builders Exchange,
- Peninsula Builders Exchange,
- Builders Exchange of Alameda County,
- Santa Clara Builders Exchange,
- Contra Costa Builders Exchange,
- BV2HP Builders Exchange,
- MECA Builders Exchange (member base composed of small DBE, M/WBE firms),
- Marin Builders Exchange,
- Construction Data Plan Room,
- San Francisco Building and Construction Trade Council,
- Local Union 38, Plumbers Union,
- Local Union 6, International Brotherhood of Electrical Workers.

Four (4) potential bidders requested the Invitation for Bid documents, Plans and Specifications that were issued by HD&Mod. The on-site bid walk was conducted by HD&Mod on August 10, 2004. In attendance were four (4) contractors along with the Consultant, and Authority staff members from HD&Mod Department. Following the bid walk, staff again contacted the Plumbers Union Local 38 Business Agent to enlist his support in encouraging more bidders.

BIDDER SELECTION PROCESS

On the closing date for the solicitation, August 26, 2004, the Authority received bids from four (4) responsive and responsible contractors. The bid documents were publicly opened and read aloud. The submittal documents were reviewed by HD&Mod and forwarded to Procurement for review and approval to prepare this resolution. The Contractors' bids are as follows:

BID PROPOSALS:

Bidder	Bid Proposal	25% Resident Hiring	Contractor MBE/ WBE	Sub Contractors	MBE/WBE Sub Contractor % Of Total Job	Total MBE/ WBE
Ayoob & Peery	$246,600	Yes	No	Four	19.11%	19.11%
Black Sea Corp.	$259,500	Yes	No	Three	0%	0%
Schram Construction	$294,900	Yes	No	Two	0%	0%
Sonomarin, Inc.	$331,818	Yes	No	Two	20.63%	20.63%

Per HUD-5369 Instructions to Bidders, the contract award is based on the lowest, responsive, and responsible bidder. Based on the above, the lowest, responsive, and responsible bidder is Ayoob & Peery Plumbing Co., Inc. Ayoob & Peery Plumbing Co., Inc. bid is twenty-nine (29) percent lower than the cost estimate and budgeted amount. Upon request, Ayoob & Peery Plumbing Co., Inc. reviewed their bid and informed Procurement that they stood by their bid.

According to the reference check on past projects performed by Ayoob & Peery Plumbing Co., Inc., the firm is a responsible contractor with a good record. They have performed similar contracts for other public agencies and have a good history of minimizing contractor initiated change orders. A debarment check was made and shows that Ayoob & Peery Plumbing Co., Inc. is not debarred from Federal Procurement and Non-Procurement work.

OBJECTIVES

The objective of the resolution is to authorize the Executive Director to enter into a contract for the demolition and replacement of the existing heating and domestic hot water boilers, pumps, accessories, controls, vents, and pipes located in the boiler room.

Work under this contract will generally include, but not be limited to, the following:

a. Site survey and verification of existing conditions.

b. Demolition and replacement of the existing heating and domestic hot water boilers, pumps, accessories, controls, and pipes.

c. Furnish and install all new equipment and accessories.

d. Provide heating and domestic hot water to the residential units at all times during construction.

PRESENT SITUATION

Ping Yuen North is a San Francisco Housing Authority senior and disabled development with 194 units built in 1961. **The 43-year-old heating and domestic hot water boilers, storage tanks, associated equipment and piping have deteriorated beyond possible repair and need to be replaced immediately to assure continuous heat and hot water to the development's senior and disabled residents.**

ANTICIPATED OUTCOMES

Replacement of the heating and domestic hot water boilers, storage tank, associated equipment, and piping will provide energy efficient, uninterrupted heating and hot water to the residents. The Authority's maintenance department will be relieved of the constant calls for repairs and restoration of service to the residents. Ayoob & Peery Plumbing Co., Inc. will provide a two-year guarantee for materials and workmanship in compliance with Authority standards.

WHO BENEFITS

Public housing residents will benefit from improved living conditions with no interruptions in heating and hot water service. The energy efficiency of the new water heater system, and the reduction in maintenance calls will result in substantial operating savings to the Authority. The capital improvements will benefit the Authority's real property assets and add to the longevity of the structures. The project will also provide employment for public housing residents under the resident hiring requirements. By hiring residents, Ayoob & Peery Plumbing Co., Inc. is helping to create a pool of qualified residents for future work on similar Authority construction projects.

BUDGET CONSIDERATION

The Heating and Hot Water Boiler and Piping Replacement activity is funded in the Year 2003 Capital Fund Program budget. The low bid is twenty-nine (29) percent less than the independent cost estimate and budgeted amount.

RESIDENT HIRING

Ayoob & Peery Plumbing Co., Inc. is committed to exceeding the 25 percent resident hiring goal on this job. The contractor estimates that it will take about 800 hours to complete the project, of which a minimum 200 hours will be resident hire employment. They are pursuing one position for resident hiring.

MBE/WBE PARTICIPATION

Ayoob & Peery Plumbing Co., Inc. is not an MBE/WBE firm but has achieved 19.11 percent MBE/WBE participation with its listed subcontractors and suppliers.

RECOMMENDATION

Ayoob & Peery Plumbing Co., Inc. has submitted the lowest, responsive, and responsible bid. They are committed to exceed the 25 percent resident hiring requirement. Funding is available in the 2003 Capital Fund Program. Because boilers are in need of immediate replacement, staff urges adoption of this resolution authorizing the Executive Director to enter into a contract with Ayoob & Peery Plumbing Co., Inc. for the boiler, pump, and pipe replacement work at Ping Yuen North, in an amount not to exceed $246,600.

(Prepared by: Basil Nicolaou, Robert Dahlstrom and Barbara Smith)

RESOLUTION NO. ____________________
ADOPTED____________________________

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH AYOOB & PEERY PLUMBING CO., INC. FOR BOILER, PUMP, AND PIPE REPLACEMENT WORK AT CAL 1-18(6), PING YUEN NORTH, IN AN AMOUNT NOT TO EXCEED $246,600

WHEREAS, The San Francisco Housing Authority publicly advertised Solicitation No. 04-620-IFB-026 for Boiler, Pump, and Pipe Replacement at CAL 1-18(6), Ping Yuen North; and

WHEREAS, Ayoob & Peery Plumbing Co., Inc. submitted the lowest responsive and responsible bid of $246,600 to provide for the Boiler, Pump, and Pipe Replacement work at CAL 1-18(6), Ping Yuen North; and

WHEREAS, these services are necessary to protect the health and welfare of residents; and

WHEREAS, funding is available through the HUD 2003 Capital Fund Program; and

WHEREAS, the procurement process for those actions covered by this resolution meet the procurement standards of 24 CFR 85.36 “Procurement”, HUD Handbook 7460.8 REV 1, “Procurement Handbook for Public Housing Agencies and Indian Housing Authorities”, the San Francisco Housing Authority Procurement Policy Manual and State of California and local laws; and

WHEREAS, all additional relevant documents submitted by the low bidder have been reviewed and found to be in order; and

WHEREAS, Ayoob & Peery Plumbing Co., Inc. will meet the Resident Hiring requirements.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSION OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO THAT:

1. The Executive Director is authorized to enter into a contract with Ayoob & Peery Plumbing Co., Inc. for Boiler, Pump, and Pipe Replacement work at CAL 1-18(6), Ping Yuen North, in an amount Not-To-Exceed $246,600.
2. This resolution shall take effect immediately.

APPROVED AS TO FORM AND LEGALITY:

Donna Mart
DONNA MARTIN, General Counsel

Date: 10·22·04

REVIEWED BY:

GREGG FORTNER, Executive Director

Date: 10/22/04

G

SAN FRANCISCO HOUSING AUTHORITY
440 Turk Street • San Francisco CA • 94102 • (415) 554-1200

DATE: October 28, 2004

TO: SAN FRANCISCO HOUSING AUTHORITY COMMISSIONERS

George Brown, President
Betty J. Smith, Vice President
Sululagi Palega, Sr., Commissioner
Julie Lee, Commissioner
Neola Gans, Commissioner
Rev. Amos Brown, Commissioner

FROM: Gregg Fortner, Secretary/Executive Director

SUBJECT: **RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH ELECTRONIC INNOVATION, INC. FOR THE ACCESSIBLE ENTRY SYSTEM REPLACEMENT WORK AT CAL 1-18(5), ROSA PARKS; CAL 1-18(10), 255 WOODSIDE GARDENS; CAL 1-27, 350 ELLIS STREET; CAL 1-36, 227 BAY STREET; CAL 1-37, 491 31st AVENUE; AND CAL 1-39A, 939 EDDY STREET, IN AN AMOUNT NOT TO EXCEED $82,178**

OVERVIEW

This Resolution will authorize the Executive Director to enter into a contract with Electronic Innovation, Inc. for the Accessible Entry System Replacement work at Rosa Parks, 255 Woodside Gardens, 350 Ellis Street, 227 Bay Street, 491 31st Avenue, and 939 Eddy Street, senior and disabled developments.

These senior developments were built from 1961 to 1973. They are mid-rise and high-rise buildings with 565 senior and disabled dwelling units. The Entry Systems are over thirty years old, some of them are forty years old and beyond repair. The current entry systems are unreliable and their replacement is urgently needed to ensure safety, security and accessibility to the Developments' senior and disabled residents.

PROCUREMENT

The Authority issued Solicitation No. 04-620-IFB-016 on August 13, 2004 following review and approval of the solicitation by the Finance and Procurement Departments. The procurement process for the action covered by this Resolution meets the procurement standards of 24 CFR

85.36 "Procurement", HUD Handbook 7460.8 REV 1, "Procurement Handbook for Public Housing Agencies and Indian Housing Authorities", the San Francisco Housing Authority Procurement Policy Manual and the State of California and local laws.

The Housing Development & Modernization Department (HD&M) developed the Invitation for Bid Documents, Plans & Specifications based on master procurement documents furnished by the Authority's Procurement & Contracts Department and Construction Documents (Drawings and technical specifications) furnished by the Authority's Electrical Engineering Services Consultant, F.W. Associates, Inc. The documents were reviewed and approved by the Procurement & Contracts Department (P&C) prior to the start of the bid process.

The Authority advertised for bidders and outreached to potential bidders as follows:

Past Bidders List, Contractors Blue Book & Yellow Pages: The Authority e-mailed, faxed or mailed its Invitation for Bid advertisement to two hundred seventeen (217) individual contractors from the Authority's Past Bidders List, the Contractors Blue Book and Telephone Directory Yellow Pages.

HRC: The Authority e-mailed, faxed or mailed its Invitation for Bid advertisement to one hundred twenty two (122) MBE/WBE contractor listed by the San Francisco Human Rights Commission.

Labor Unions: The Authority mailed its Invitation for Bids Documents, Plans & Specifications to the San Francisco Buildings Trade Council, and Electrical Union.

Newspapers: The Authority publicly advertised its Invitation for Bid advertisement in the following newspapers:
Daily Pacific Builder, (trade publication)
San Francisco Bay View, (African American community)
Sing Tao Daily, (Asian American Community)

Additional Newspapers: The Authority e-mailed its Invitation for Bid advertisement to the San Francisco Board of Supervisors office who placed the advertisement in the following community newspapers:

El Latino	(Hispanic American community),
El Reportero	(Hispanic American community),
Asian Week	(Chinese American community),
Chinese Times	(Chinese American community),
San Francisco Bay Times	(Lesbian/Gay/Bi-sexual/Transgender community),
San Francisco Spectrum	(Lesbian/Gay/Bi-sexual/Transgender community).

Public Agency Websites: The Authority e-mailed its Invitation for Bid advertisement to the following agencies who placed the advertisement in their website bulletin boards:

- City and County of San Francisco (City Purchasing Department),
- California State Contracts Register (Office of Small Business Certification and Resources),
- Small Business Administration's PRO-Net (Office of Government Contracting & Minority Enterprise Development).
- U.S. Department of Commerce's BIDNET (Minority Business Development Agency)

Builders Exchanges: The Authority sent its Invitation for Bid Documents, Plans & Specifications to the following Builders Exchanges, where the documents are available to Contractors for review and bid preparation:

- San Francisco Builders Exchange,
- Peninsula Builders Exchange,
- Builders Exchange of Alameda County,
- Santa Clara Builders Exchange,
- Contra Costa Builders Exchange,
- BV2HP Builders Exchange,
- MECA Builders Exchange (member base composed of small DBE, M/WBE firms),
- Marin Builders Exchange,
- Construction Data Plan Room,
- San Francisco Building and Construction Trade Council,
- Local Union 6, International Brotherhood of Electrical Workers.

Two (2) potential bidders requested the Invitation for Bid Documents, Plans & Specifications that were issued by HD&M. The on-site bid walk was conducted by HD&M on August 30, 2004. In attendance were three (3) contractors along with the Consultant, and Authority staff members.

BIDDER SELECTION PROCESS

The closing date for the solicitation was September 8, 2004, and the Authority received a bid from one (1) responsive and responsible contractor. The bid documents were publicly opened and read aloud. The submittal documents were reviewed by HD&M and forwarded to P&C for review and approval, and for approval to prepare this Resolution. The contractor's bid is as follows:

RESPONSIVE AND RESPONSIBLE BID PROPOSAL

Bidder	Bid Proposal	25% Resident Hiring	Contractor MBE/ WBE	Sub Contractors	MBE/WBE Sub Contractor % Of Total Job	Total MBE/ WBE
Electronic Innovation Inc.	$82,178	Yes	NO	YES	25%	25%

NON-RESPONSIVE BID PROPOSAL

Kitech Security Systems, Inc.	Bid Documents were delivered late and unopened as required by HUD and Housing Authority regulations

Per HUD-5369 Instructions to Bidders, the contract award is based on the lowest, responsive and responsible bidder. Based on the above, the lowest, responsive and responsible bidder is Electronic Innovation, Inc. They are pursuing one position for resident hiring.

Electronic Innovation's bid is 11% lower than the cost estimate. Upon request, Electronic Innovation, Inc. reviewed their bid and informed Procurement that it stood by its bid. Its submitted job cost breakdown was analyzed and its price was compared with recently completed similar projects by the Authority's staff. Electronic Innovation's bid was found to be realistic and acceptable.

According to the reference check on past projects performed by Electronic Innovation, Inc., the firm is a responsible contractor with a good record. They have performed similar contracts for San Francisco Housing Authority and other public agencies and have a good history of minimizing contractor initiated change orders. A debarment check was made and shows that Electronic Innovation, Inc. is not debarred from Federal Procurement and Non-Procurement work.

OBJECTIVES

The objective of the Resolution is to authorize the Executive Director to enter into a contract for the demolition and replacement of the existing entry system.

Work under this contract will generally include, but not be limited to, the following:

a. Site survey and verification of existing conditions.

b. Demolition and replacement of the existing entry systems.

c. Furnishing and installing all new accessible entry system and accessories.

PRESENT SITUATION

These six senior developments were built from 1961 to 1973. The 30 to 40-year-old entry systems have deteriorated beyond repair, and the old entry systems do not provide audio and visual assistance for tenants and visitors with disabilities. As such, they do not comply with current Americans with Disability Act (ADA) requirements. The old entry systems need to be replaced to assure safety, security and accessibility to the Developments' senior and disabled residents.

ANTICIPATED OUTCOMES

Replacement of the entry system will provide safety, security and accessibility to the residents. The Authority's maintenance department will be relieved of the constant calls for repairs and restoration of service to the residents. Electronic Innovation, Inc. will provide a two-year guarantee for materials and workmanship, in compliance with Authority standards.

WHO BENEFITS

Public housing residents will benefit from improved living conditions with no interruptions in building entry service. The new ADA compliant accessible entry system provides both audio and visual assistance for tenants or visitors with disabilities. The absence of maintenance calls will result in substantial operating savings to the Authority. The capital improvements will also benefit the Authority's real property assets and add to the longevity of the structures. The project will also provide employment for public housing residents under the resident hiring requirements. By hiring residents, Electronic Innovation Inc. is helping to create a pool of qualified residents for future work on similar Authority construction projects.

BUDGET CONSIDERATION

The Accessible Entry System Replacement is funded in the Year 2003 Capital Fund Program budgets. The low bid is 11% less than the independent cost estimate and budgeted amount.

RESIDENT HIRING

Electronic Innovation, Inc. is committed to meeting the 25 percent resident hiring goal. The contractor estimates that it will take about 484 hours to complete the project, of which a minimum 121 hours will be resident hire employment. Electronic Innovation Inc. plans to hire one resident.

MBE/WBE PARTICIPATION

Electronic Innovation, Inc. will subcontract to two (2) MBE/WBE subcontractors that will perform 25% of the total contract amount.

RECOMMENDATION

Electronic Innovation, Inc. has submitted the lowest, responsive and responsible bid. They are committed to exceeding the 25% resident hiring requirement. Funding is available in the 2003 Capital Fund Programs. Because entry systems are not compliant with current ADA requirements and beyond repair, staff urges adoption of this Resolution authorizing the Executive Director to enter into a contract with Electronic Innovation, Inc. for the Accessible Entry System Replacement Work at CAL 1-18(5), Rosa Parks; CAL 1-18(10), 255 Woodside Gardens; CAL 1-27, 350 Ellis Street; CAL 1-36, 227 Bay Street; CAL 1-37, 491 31st Ave.; CAL 1-39A, and 939 Eddy Street, in an amount not to exceed $82,178.

(Prepared by: Francis Eng, Robert Dahlstrom and Barbara Smith)

RESOLUTION NO. 5191
ADOPTED 10/28/04

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH ELECTRONIC INNOVATION, INC. FOR THE ACCESSIBLE ENTRY SYSTEM REPLACEMENT WORK AT CAL 1-18(5), ROSA PARKS; CAL 1-18(10), 255 WOODSIDE GARDENS; CAL 1-27, 350 ELLIS STREET; CAL 1-36, 227 BAY STREET; CAL 1-37, 491 31st AVENUE; AND CAL 1-39A, 939 EDDY STREET, IN AN AMOUNT NOT TO EXCEED $82,178

WHEREAS, The San Francisco Housing Authority publicly advertised Solicitation No. 04-620-IFB-016 for Accessible Entry System Replacement at CAL 1-18(5), Rosa Parks; CAL 1-18(10), Woodside Gardens; CAL 1-27, 350 Ellis Street; CAL 1-36, 227 Bay Street; CAL 1-37, 491 31st Ave.; CAL 1-39A, and 939 Eddy Street; and

WHEREAS, Electronic Innovation, Inc. submitted the lowest responsive and responsible bid of $82,178 to provide for the Accessible Entry System Replacement Work at CAL 1-18(5), Rosa Parks; CAL 1-18(10), Woodside Gardens; CAL 1-27, 350 Ellis Street; CAL 1-36, 227 Bay Street; CAL 1-37, 491 31st Ave.; CAL 1-39A, 939 Eddy Street; and

WHEREAS, these services are necessary to protect the health and welfare of residents; and

WHEREAS, funding is available through the HUD 2003 Capital Fund Program; and

WHEREAS, the procurement process for the actions covered by this Resolution meet the procurement standards of 24 CFR 85.36 "Procurement", HUD Handbook 7460.8 REV 1, "Procurement Handbook for Public Housing Agencies and Indian Housing Authorities", the San Francisco Housing Authority Procurement Policy Manual and State of California and local laws; and

WHEREAS, all additional relevant documents submitted by the low bidder have been reviewed and found to be in order; and

WHERAS, Electronic Innovation, Inc. will meet the Resident Hiring requirements.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSION OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO THAT:

1. The Executive Director is authorized to enter into a contract with Electronic Innovation, Inc. for the Accessible Entry System Replacement Work at CAL 1-18(5), Rosa Parks; CAL 1-18(10), Woodside Gardens; CAL 1-27, 350 Ellis Street; CAL 1-36, 227 Bay Street; CAL 1-37, 491 31st Ave.; CAL 1-39A, 939 Eddy Street, in an amount Not-To-Exceed $82,178.
2. This Resolution shall take effect immediately.

APPROVED AS TO FORM AND LEGALITY:

Donna Mart
DONNA MARTIN, General Counsel
Date: 10 · 22 · 04

REVIEWED BY:

GREGG FORTNER, Executive Director
Date: 10/22/04

SAN FRANCISCO HOUSING AUTHORITY
440 TURK STREET • SAN FRANCISCO • CALIFORNIA • 94102 • (415) 554-1200

CERTIFICATE

I, George R. Brown, duly elected President of the Board of Commissioners of the Housing Authority of the City and County of San Francisco, do hereby certify that the following was adopted at the Regular Meeting of the Commission held on October 28, 2004:

RESOLUTION NO. 5191

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH ELECTRONIC INNOVATION, INC. FOR THE ACCESSIBLE ENTRY SYSTEM REPLACEMENT WORK AT CAL 1-18(5), ROSA PARKS; CAL 1-18(10), 255 WOODSIDE GARDENS; CAL 1-27, 350 ELLIS STREET; CAL 1-36, 227 BAY STREET; CAL 1-37, 491 31st AVENUE; AND CAL 1-39A, 939 EDDY STREET, IN AN AMOUNT NOT TO EXCEED $82,178.00

Attached is a true and correct copy of the Resolution as adopted at the said meeting, on file and on record as adopted by the following vote of the Members:

FOR ADOPTION:
George R. Brown
Betty J. Smith
Neola Gans
Amos Brown

AGAINST ADOPTION:

ABSENT (EXCUSED):
Julie Lee
Sululagi Palega, Sr.

IN TESTIMONY, WHEREOF, I have hereto set my hand and seal of said Authority this date: November 18, 2004.

George R. Brown

George R. Brown, President
SFHA Commission

H

SAN FRANCISCO HOUSING AUTHORITY
440 Turk Street • San Francisco CA • 94102 • (415) 554-1200

DATE: October 28, 2004

TO: SAN FRANCISCO HOUSING AUTHORITY COMMISSIONERS

George Brown, President
Betty J. Smith, Vice President
Sululagi Palega, Sr., Commissioner
Julie Lee, Commissioner
Neola Gans, Commissioner
Rev. Amos Brown, Commissioner

FROM: Gregg Fortner, Secretary/Executive Director

SUBJECT: **RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO NEGOTIATE AND EXTEND THE EXISTING SECURITY CONTRACTS FOR PERIOD NOT TO EXCEED FOUR MONTHS FOR A SUM OF NOT TO EXCEED $490,000.**

OVERVIEW

This Resolution will authorize the Executive Director to negotiate and enter into agreements with the existing security guard companies for the various developments employing security services to continue to provide security services. The new solicitation for security guard services for the next two years closes in November 2004 and the award (given time for evaluation and presentation to the Commission), should be made by no later than the end of January 2005.

The new solicitation for security guard services includes changes for Community Policing services provided by the San Francisco Police Department, the incorporation of closed circuit television (CCTV) enhance security, and a rewrite of the scope of work.

PROCUREMENT

The Authority will negotiate with the existing firms to assure better or continuing pricing and no change in the terms and conditions of the existing contracts.

The procurement process for the action covered by this Resolution meets the procurement standards of 24 CFR 85.36 “Procurement”, HUD Handbook 7460.8 REV 1, “Procurement Handbook for Public Housing Agencies and Indian Housing Authorities”, the San Francisco Housing Authority Procurement Policy Manual and the State of California and local laws.

CURRENT CONTRACTORS AND LOCATIONS SERVED

The current approximate monthly cost is as follows:
A-1 - $15, 000 - Clementina, Egbert
WSB - $57,000 - 350 and 666 Ellis, 430 Turk, Rosa Parks, Alice Griffith, West Side Courts
Burns -$20,000 - Ping Yuen
BAP - $30,743 - Robert B. Pitts, Alemany, Holly Courts, 440 Turk

OBJECTIVES

The objective of this Resolution is to authorize the Executive Director to negotiate and extend current security contracts at the same or lower prices until the current solicitation is approved for award.

PRESENT SITUATION

Solicitation for the 2005 security guard contract closes November 18, 2004 and the expected award is anticipated for January 2005. There is also a concurrent solicitation for CCTV at various locations to enhance security.

ANTICIPATED OUTCOMES

Continuing security guard services at the current locations.

WHO BENEFITS

Public housing residents will continue to have existing security services.

BUDGET CONSIDERATION

Budget exists for security services in the Low Income, Capital Fund Program and Section 8 budgets.

RESIDENT HIRING

Previous terms and conditions

MBE/WBE PARTICIPATION

Previous terms and conditions

RECOMMENDATION

Staff recommends approval to initiate negotiations with the security companies to extend the existing services for a period of no more than 4 months.

RESOLUTION NO. 5192
ADOPTED 10/28/04

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO NEGOTIATE AND EXTEND THE EXISTING SECURITY CONTRACTS FOR PERIOD NOT TO EXCEED FOUR MONTHS FOR A SUM OF NOT TO EXCEED $490,000.

WHEREAS, The San Francisco Housing Authority requests authority to negotiate and extend the existing security contracts for a period not to exceed four months; and

WHEREAS, negotiation will take place with A-1 Security, Burns International, WSB, and Bay Area Patrol; and

WHEREAS, these services are necessary to protect the health and welfare of residents; and

WHEREAS, funding is available through the Low Income, Capital Fund Program and Section 8 budgets; and

WHEREAS, the procurement process for those actions covered by this Resolution meet the procurement standards of 24 CFR 85.36 “Procurement”, HUD Handbook 7460.8 REV 1, “Procurement Handbook for Public Housing Agencies and Indian Housing Authorities”, the San Francisco Housing Authority Procurement Policy Manual and State of California and local laws; and

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSION OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO THAT:

1. The Executive Director is authorized to negotiate and enter into a contract extensions with A-1 Security, Burns International, WSB, and Bay Area Patrol for security services.
2. This Resolution shall take effect immediately.

APPROVED AS TO FORM AND LEGALITY:

Donna Martin
DONNA MARTIN, General Counsel
Date: 10·22·04

REVIEWED BY:

GREGG FORTNER, Executive Director
Date: 10/22/04

SAN FRANCISCO HOUSING AUTHORITY
440 TURK STREET • SAN FRANCISCO • CALIFORNIA • 94102 • (415) 554-1200

CERTIFICATE

I, George R. Brown, duly elected President of the Board of Commissioners of the Housing Authority of the City and County of San Francisco, do hereby certify that the following was adopted at the Regular Meeting of the Commission held on October 28, 2004:

RESOLUTION NO. 5192

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO NEGOTIATE AND EXTEND THE EXISTING SECURITY CONTRACTS FOR PERIOD NOT TO EXCEED FOUR MONTHS FOR A SUM OF NOT TO EXCEED $490,000.00

Attached is a true and correct copy of the Resolution as adopted at the said meeting, on file and on record as adopted by the following vote of the Members:

FOR ADOPTION:	**AGAINST ADOPTION:**
George R. Brown	
Betty J. Smith	
Neola Gans	
Amos Brown	

ABSENT (EXCUSED):
Julie Lee
Sululagi Palega, Sr.

IN TESTIMONY, WHEREOF, I have hereto set my hand and seal of said Authority this date: November 18, 2004.

George R Brown
George R. Brown, President
SFHA Commission

HOUSING AUTHORITY
OF THE
CITY AND COUNTY OF SAN FRANCISCO

Minutes of Regular Meeting
Thursday, October 28, 2004

440 Turk Street
San Francisco, California

The Housing Authority of the City and County of San Francisco met in a regularly scheduled meeting at 440 Turk Street, San Francisco, California on Thursday, October 28, 2004, at 4:00 p.m.

President Brown called the meeting to order at 4:13 p.m.

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1. ROLL CALL

Roll call found the following members to be:

PRESENT:	*George R. Brown, President* *Betty J. Smith, Vice President* *Sululagi Palega Sr., Commissioner (excused at 5:45p.m.)* *Neola Gans, Commissioner (arrived at 4:15p.m.)* *Rev. Amos Brown, Commissioner*
ABSENT:	*Julie Lee, Commissioner*

A quorum was present.

ALSO PRESENT:	*Mr. Gregg Fortner, Executive Director* *Ms. Donna Martin, Agency Counsel*

2. APPROVAL OF AGENDA

Mr. Fortner requested that Item 11 F be removed from the Agenda. Commissioner Brown moved to approve the agenda as amended. Commissioner Smith seconded the motion. The motion to approve the agenda as amended was unanimously passed.

3. APPROVAL OF MINUTES

Commissioner Brown moved to approve the minutes of the Regular Commission Meeting of September 23, 2004. Commissioner Smith seconded the motion. The motion to approve the minutes of the Regular Commission Meeting of September 23, 2004 was unanimously passed.

Commissioner Smith moved to approve the minutes of the Special Commission Meeting of October 7, 2004. Commissioner Brown seconded the motion. The motion to approve the minutes of the October 7, 2004, Special Commission Meeting was unanimously passed.

Commissioner Gans arrived to the meeting.

4. GENERAL COMMUNICATIONS

Executive Director, Gregg Fortner stated that the first items in the Commissioners' folders were the Commission Request Log and all items were up to date. Next was the Lease-Up report. Mr. Fortner stated that the number of vacancies is decreasing everyday. Following was the updated Shooting Incident Report. The next item of correspondence was a memorandum from the City Attorney's Office to all city policy bodies and departments regarding the annual ethics law and Sunshine Ordinance training. Mr. Fortner informed the Commission that Ms. Owens had a copy of the training on tape if any of the Commissioners would like to reserve and review it. The City Attorney's Office asked that all Commission appointees review the information by the end of the year. Although the Commission is not subject to the Sunshine Ordinance, there are ethics laws that must be adhered to. Next in the folder, Mr. Fortner provided the Commissioners with an article printed in the S.F. Chronicle on September 26, 2004, regarding the West Nile Virus. This was in response to a public comment regarding the matter at a previous Commission meeting. Mr. Fortner reported that the next correspondence was in regards to the concerns of the Commission, specifically, Commissioner Brown. The SFHA planned to hold a contractor's workshop to provide contractors and potential contractors information on how to bid on SFHA work. The workshop would be held on November 17, 2004. Mr. Fortner stated that the draft of the program packet was included in their folder for the Commission's review and suggestions. Mr. Fortner asked the Commission to let the SFHA know if there were any specific resources the Commission would like the SFHA to outreach to. The workshop is tentatively scheduled for November 17, 2004, 9:00a.m. to 12:00p.m., in the Commission Room. Last was the confidential legal report updating all pending claims within the Agency.

5. REPORT OF SECRETARY

Mr. Fortner asked Juan Monsanto, Planning and Program Development Manager of the Housing Development and Modernization Department to update the Commission on the development opportunity at Rosa Parks, the discussions around it, and any future considerations the Commission may have to undertake. Mr. Monsanto stated that he was very excited to present, hopefully, the first of many reports on in-fill development and new construction for the Housing Authority and its properties. Mr. Monsanto reported that in 2002, the SFHA performed a physical needs assessment on all SFHA sites where possible in-fill, demolition, or new construction opportunities were identified. In July of 2003, the SFHA released a request for qualifications for corporations or organizations interested in submitting proposals for a possible solution for any of the sites. Mr.

Monsanto stated that the Rosa Parks development had the available open space, is in the zoning and planning process, and has an immediate in-fill development opportunity. Rosa Parks is the first site to be considered for development. Rosa Parks is one of five sites the Redevelopment Agency is considering as part of an amendment to increase the density of the property. This would provide the SFHA with 90 to 100 new units at Rosa Parks. The SFHA new units would be served by the waiting list. Six meetings had been held with the residents of Rosa Parks and the idea of future development had been discussed with them. Several meetings had also been held with the Western Addition Community Advisory Committee (CAC) and one of the concerns of the residents was that they wanted to be involved in the design and the community supportive services plan. The community supportive services plan addresses the needs of current and new residents in the community, Rosa Parks, and the new development in Rosa Parks. Mr. Monsanto stated that the immediate impact of the project on the community was mostly positive. The allowable density is from 90 to 100 units. On the positive side, there would be more units and 20 new parking spaces. However, the development would create a more sensitive scale to the community on the block, provide housing from the SFHA waiting list, utilize a mostly under utilized piece of land, and would improve the facilities, resources and services of Rosa Parks. One of the improvement opportunities would be to rebuild the senior community center at 1111 Buchanan as well as some assistant living housing, which is very much needed in the community. The developer that made the proposal talked about their extensive experience with assistant living in the interview. The evaluation panel, as stated in the RFQ was comprised of a representative from the Mayor's Office of Fair Housing, Rosa Parks residents, one neighborhood representative, two SFHA staff members, and a site advisory team composed of several residents interested in the project. The interviews were held on August 6, 2004, and August 23, 2004. The development team was composed of Citizen Housing Corporation, a nonprofit corporation with a lot of experience in the Bay Area, their related companies, and The Arc San Francisco, and West Bay Housing Corporation. Mr. Monsanto reported that a community outreach plan is being developed and is considered the most important benchmark of the project. There would be a series of design workshops, monthly updates to the Commission, monthly-advertised meetings at Rosa Parks, as well as a newsletter. The SFHA would also continue to work with the Western Addition's CAC and the residents of the community. In terms of the scheduling of the funding, it depends on the application for section 202 and low income housing tax credits. Part of the work for the developers would be to develop an effective plan without using any Housing Authority funds. This is similar to the Howard Street project currently under construction. Mr. Monsanto stated that the residents, individuals on the SFHA waiting list, seniors, disabled, and developmentally disabled people would all benefit from this project. The next step would be to present a resolution at the next Commission meeting to allow the Executive Director to execute a memorandum of understanding and exclusive rights agreement with the development team. Staff would present all of the information as well as the developers who interviewed for the project. Mr. Monsanto then directed the Commission's attention to Mr. Fortner.

Mr. Fortner stated that they would entertain any questions from the Commission and mentioned that Commissioner Smith participated in the community meetings and could comment if she chose to.

At this time protestors disrupted the meeting and President Brown recessed the meeting at 4:26 p.m. The meeting reconvened at 4:31p.m. President Brown stated that the recess the Commission took and the protest are unrelated to the business of the SFHA.

Commissioner Palega stated that the San Francisco community has not been totally informed of what was going on. Commissioner Palega said that he heard people talking about what RFQ or what RFP and remembered it being discussed a some time ago, and the RFQ was supposed to come before the Commission, but it seemed like decisions had already been made. If meetings were being held and development teams were being considered, without informing the Commission who the development teams were, it was not favorable for Commissioner Palega. Commissioner Palega stated that he would like to see the RFQ go out to the public, be published in the Sun Reporter as well as other newspapers previously discussed, so that a broader base of people could be considered for projects in San Francisco. Commissioner Palega stated that one of his biggest concerns was the project at the Alice Griffith development. The local young men and women are not getting the jobs, but instead the jobs are being funneled out to contractors from Oakland, Richmond, and Sacramento. Commissioner Palega said that staff does not have to live on that street, but the Commissioners do. The SFHA is setting up projects for development, but the people the SFHA and Commissioners should be most concerned about are not benefiting from them. Commissioner Palega said that he was really concerned about the preliminary meetings about Rosa Parks. He said that he knew that Rosa Parks was discussed as a possibility as Valencia Gardens would be developed, but that died when it was decided to put the senior housing at Valencia Gardens. Commissioner Palega said that he would like to see the RFQ go out to the newspapers they had discussed, and hoped his colleagues felt the same. Commissioner Palega stated that he wanted the San Francisco community to have a chance to respond and be a part of the selection process.

In response, Mr. Monsanto assured the Commission that whatever process the SFHA chooses to take would be slow and with the approval of the Commission. If any disposition were taken, the Commission's approval would also be sought. Commissioner Palega stated that it was not fair that there were people already attending meetings and had a foot in the door while others would have to struggle. Commissioner Palega contended that half of the developers in San Francisco knew nothing about the SFHA developing Rosa Parks. The bottom line was that even though things would move at a slow pace, selections had already been made and contractors were coming to the table while others were not. Mr. Fortner responded that this was an RFQ that was public for 60 days and the Commission was informed about it before it went out. Mr. Fortner stated that this was an opportunity because the developer had secured a special type of funding. Mr. Fortner assured the Commission that nothing would be done without their blessing.

If this were an opportunity the Commission did not want to pursue, they would have an opportunity to vote on it at a later date. No secret room deals were made, the RFQ was advertised for 60 days, and received additional advertising when the Bay Guardian and other newspapers found out about the RFQ and printed articles on it. The Examiner, the San Francisco Chronicle, and The Independent newspapers all printed articles about the RFQ. Mr. Fortner stated that this was a legitimate RFQ that this developer answered. Nothing had been settled or would be settled without the Commission's comfort to vote on the matter. The SFHA is performing preliminary work to make sure the residents of Rosa Parks would be comfortable with the possibilities and to gather their ideas. Mr. Fortner stated that this was an opportunity and not something that the SFHA could put out to the public saying that the SFHA has money to build at Rosa Parks. Instead, this is about developers bringing money to the table. If there were other developers willing to do the same then the SFHA could go through another process. Mr. Fortner reiterated that a legitimate process was foregone and advertised and the SFHA has an opportunity. If the Commission decided that they do not want to pursue this, it would be a decision for another day. This report was intended to update the Commission on the status of where the SFHA was in the process.

Commissioner Brown expressed his concern that if this were a special project, he would like to see other people be privy to these special, peculiar treatments no matter where the money was coming from. Commissioner Brown stated that he believed the SFHA needed to broaden the base and make it more inclusive. Commissioner Brown shared Commissioner Palega's concern that there should be a fair opportunity for people to come to the table to present their proposals and options. Commissioner Brown asked if the RFQ was announced in the Sun Reporter, how broad was the communication with the faith community, African-American and Samoan communities and did the SFHA perform due diligence in their outreach to be in their faces. Commissioner Brown stated that he is located in the Western Addition, about four blocks from Rosa Parks, but didn't know of any plans for development prior to becoming a part of the Commission.

Mr. Fortner stated that at the next Commission meeting the SFHA could present the RFQ process that went out almost two years ago. Mr. Fortner added that any developer could make an offer for development to the SFHA, at any time, through the unsolicited proposal process. If another developer wanted to make a proposal on Rosa Parks, they could do so. Mr. Fortner stated that it seemed that over time memories get shortened and things become more dramatic, so the SFHA would update the Commission on the RFQ process. He reiterated that a developer could submit a proposal at any time without the necessity of an RFQ. Commissioner Brown asked if the SFHA let the community know that there were possibilities and questioned whether that climate was created. Commissioner Palega answered no and that was why he was raising the question. Mr. Fortner said that was nonsense. Commissioner Palega responded that the Commissioners were supposed to have the RFQ presented to them, they have yet to see anything and now the SFHA is in negotiations to develop Rosa Parks. Commissioner Palega asked his colleagues if they had seen any rankings or panel discussion on the RFQs or RFPs. Commissioner Palega stated that Mr. Fortner said that the developer had special funding, but other people should have that special funding available to them as well. Commissioner Palega contended that other developers in the city could leverage the funding to develop without using SFHA funding, but that opportunity has not been made available to everyone.

Mr. Monsanto stated that the SFHA only received one response to the RFQ, but the interview panel was selected according to the RFQ and included residents, as well as SFHA staff. Commissioner Palega interjected that he begged to differ because the Commission had yet to see who was ranked at what. He stated that Mr. Monsanto was coming before the Commission stated that they had discussions, were moving forward, more discussions were going to take place. Commissioner Palega stated that somewhere along the line, someone confirmed this proposal, yet the Commission was not even told that there was only one proposal for Rosa Parks. There was a multi-site discussion and the Commission was supposed to see a ranking, but have yet to see anything. Commissioner Palega stated that the rationale was not there and the Commission never had the opportunity to examine the RFQs presented. Commissioner Palega said that the Commission knew the RFQ went out, but they were supposed to have an opportunity to look at the request for qualifications or those that met the qualifications and have yet to see them. Now, the Commission is being presented with the one developer, selected by the panel, who is to develop Rosa Parks and he thought it was a little too much. Commissioner Palega stated that he thought it should be opened up to other contractors and developers in the city so that they have an opportunity to present a proposal. The SFHA should make sure that people are aware of the RFQ and the particular sites for development.

Mr. Fortner stated that this was intended to be an update and not for any action of the Commission. The Commission's comments would be taken into consideration and the Commission would be updated with more detail about the process undergone when the RFQ was released. Perhaps this would provide the Commission with another perspective of what is going on. Mr. Fortner said that there was no reason to argue because if the Commission did not want to proceed it would not go forward, but the Commission should be provided with as much information as possible. Mr. Fortner stated that the SFHA has secured a procurement trainer from HUD on November 16, 2004, to provide procurement training for the staff and Commissioners on what can and cannot be done. Mr. Fortner stated that he recalled Commissioner Clark inquiring about the Commission's involvement in the interviewing process of the RFQ and the conflict of interest it presented when it came time to vote. Mr. Fortner stated that the minutes would be reviewed and the Commission would be informed of how the RFQ process went through at the next meeting. If the Commission was not comfortable with it, it could be put on the agenda and voted on at a later meeting.

President Brown responded to Mr. Fortner's comment about memories getting short and stated that he honestly didn't remember approving the release of this RFQ and would've liked to see that in the report as a reminder. President Brown stated that the Commission was not abreast of all the steps and the process taken. In particular, President Brown mentioned the community meetings that he would have liked to be a part of to get a real feel for what the residents thought about the project. President Brown asked that the issue be tabled and represented with more information. Mr. Fortner said that staff would review and present the initial process and then the Commission could decide whether they want to proceed at that time.

Commissioner Smith stated that several meetings were held with Mr. Monsanto and Barbara Smith and the residents are for and against the development, but are generally confused about what's going on. The residents are asking a lot of questions concerning whether it would cut off their view, and that they wouldn't have fresh air. Commissioner Smith stated that the diagrams Mr. Monsanto distributed to the residents were not clear, but right now, everything is just in the talking stage. Mr. Fortner stated that this was why staff brought the update. The purpose was to get the questions out as well as the concerns of the Commission so they could be answered and a decision to proceed could be made. President Brown responded that it was good to present this for the Commission's feedback and there were obviously a lot of concerns. The units are needed, but the Commission wanted to make sure it was fair to all of the citizens of San Francisco.

Commissioner Brown asked if the staff or the Commission looked at Rosa Parks and come to the conclusion that a feasibility study or an expansion of that facility needed to be done or did a developer just come along and eye a track of land and approach the staff about potential development. Mr. Fortner responded that in July of 2003, the SFHA put out an RFQ for 2000 properties asking for ideas on how to redevelop or revitalize SFHA property without SFHA money. There was no targeted development or money set aside. Commissioner Brown then asked for a racial breakdown of who showed up at those meetings when the RFQ was presented. Mr. Monsanto stated that they have a list of those who showed up to the initial meetings as well as the developers. The make-up was diverse but Mr. Monsanto was not sure of the statistics. Mr. Fortner stated that they would check the records to determine if they had that information. Commissioner Smith stated that there were a lot of Russian, and Chinese people. Mr. Fortner clarified that he believed that Commissioner Brown was referring to those present at the RFQ meetings. Commissioner Palega stated that he wanted to know how many proposals were received and if only one was received to develop Rosa Parks then that is in contradiction to what Mr. Fortner stated about the multiple sites advertised. Commissioner Palega asked how Rosa Parks was singled out from the other sites and questioned when the Commission was informed that a developer was singled out and talking to the residents about how their facility was going to be developed. Commissioner Palega stated that the Commission was never given that information and he doesn't have a memory lapse. He questioned when the other Commissioners besides Commissioner Smith, were going to be told about the meetings. Mr. Fortner stated that the issue does not need to be convoluted and the Commissioners would be given a thorough briefing. Mr. Fortner reminded the Commission that there was a lot of concern expressed by the residents, and Supervisor Maxwell's Office. With the election of the Mayor, this item had to be put aside because of the community's resistance. Mr. Fortner stated that staff would explain the procurement aspects of the process and before anything is awarded, the confidentiality of the developers must be kept, but staff could provide a summary of how many developers came in and what properties were bid on. Commissioner Palega said that he would like to recommend that for future meetings discussing the development of a particular site, with residents' participation, other companies should be invited. Mr. Fortner said that the Commissioners would be copied on all announcements for community meetings regarding development in order to have the option to attend. Mr. Fortner stressed that this presentation was intended to be informational and no commitment had been made to any developer or the residents. The Commission would have the opportunity not to proceed with this if they so choose, but staff will be providing the best possible information so that they could make an informed decision.

Mr. Fortner introduced Rene Latosa of the Procurement department, and Anne Quick and Norm Hattich of ABC Contractors to address the concerns of the Commissioners regarding their apprenticeship program. Mr. Fortner stated that six previous contractors doing business with the SFHA had utilized ABC's services. The representatives of ABC were present to discuss what they do and how it could benefit the residents of the SFHA. Mr. Latosa stated that Ms. Quick was the Vice President of Education for the Associated Builders and Contractors (ABC). Ms. Quick distributed literature about the ABC program to the Commissioners and explained that ABC was a multi-employer of five apprenticeship programs state and federally approved. There are apprenticeship programs for electricians, carpenters, plumbers, painters and laborers. Ms. Quick stated that their program was parallel to the union apprenticeship programs. The only difference was that their contractors were non-signatory. In order to get their programs approved through the state, ABC had to submit their standards to the Division of Apprenticeship Standards, of the California Apprenticeship Council. The electrical is a five-year program, carpentry and plumbing are four-year programs, the painting is a three-year program and the laborer program is for two years. Ms. Quick explained that an apprenticeship program is not a job, but rather an opportunity for a young person to develop a career through the skills they obtain. ABC's commitment is to keep the apprentices accepted into their program working. It is not a blanket opportunity for everyone to come into the program but it is an opportunity for a job if they are accepted into the program. If a resident's job were to end with a contractor of the SFHA and that person was in the apprenticeship program, ABC would send them to work for someone else to complete their apprenticeship. Wages are regulated by the state and are Davis Bacon wages. The apprentice is paid a percentage of the journeyperson's wage depending on their level in the apprenticeship program. Ms. Quick stated that there are commitments in entering into the apprenticeship program. Related and supplemental instruction is just as important as on the job training. The contractor provides the job and ABC provides the classroom theory behind what they are learning on the job. Not everyone is accepted into the program because certain requirements must be met. High school diplomas are required for the majority of the programs and all programs require a California driver's license and dependable transportation. The ABC program requires that a participant be willing to drive up to two hours, if necessary. Ms. Quick stated that she wanted to let the Commissioners know that ABC is a recognized apprenticeship program, the qualifications to get into the program, and ABC's commitment to doing their best to keep an individual employed. Ms. Quick then spoke about the contractors the SFHA does business with that are a part of ABC. Ms. Quick stated that these contractors have the ability to request an apprentice already in the pool or sponsor someone already working for them. The contractor's sponsor must meet all of the qualifications and apply to the program. If there were available apprentices out of work, ABC would inform the contractor that if they hired one apprentice, they could also bring in their sponsor. Ms. Quick also mentioned that their apprentices have medical, life and vision coverage and the pension plan begins in January.

Commissioner Brown asked how diverse are the recipients of ABC's opportunity. Ms. Quick responded that ABC has difficulty in recruiting women, but minorities make up about 60% of their apprentices. There are a large number of African-Americans, Asians, and Hispanics. She did not have the exact numbers with her, but was sure the numbers were substantial. Commissioner Brown asked Ms. Quick for exact numbers in the pool. Ms. Quick said that she did not know them because she does not dispatch. Commissioner Brown replied that this is one of the problems of society because as the numbers are not kept, it becomes difficult to quantify and measure successes. Ms. Quick replied that she was not saying that the numbers were not available, and a phone call could get them, but she didn't know what the exact needs of the Commission were and didn't bring everything with her. Mr. Fortner asked if she could provide staff with the information so that it could be given to the Commissioners. Ms. Quick answered yes.

Commissioner Palega asked how many graduates ABC has every year. Ms. Quick answered that they average between 30 and 35 each year. Commissioner Palega asked how many are employed every year. Ms. Quick asked if Commissioner Palega meant how many apprentices do they bring in per year. Commissioner Palega answered yes. Ms. Quick replied that they bring in about 75 apprentices per year. Commissioner Palega asked if they had a 50% graduate rate. Ms. Quick answered no and explained that ABC is a relatively new program, so for the first five years of the electrician's program, there were no graduates. Ms. Quick asked if Commissioner Palega wanted the ratio of graduates. Commissioner Palega responded that in any type of presentation, you would think that the statistics could be quantified. Ms. Quick said that she would make those numbers available to the Commission. Mr. Fortner interjected that staff did not ask ABC to be prepared with demographics and statistics but would get the information.

President Brown asked where the training takes place. Ms. Quick responded that the classroom trainings take place at different locations: Hayward, Concord, Fresno, Turlock, San Jose, and Sacramento. President Brown stated that the Commission's concern was for the resident's future and asked how many hours were done in school and on the job. Ms. Quick answered that for the electrical program, and apprentice had to complete 8,000 hours on the job, over a five-year period; for carpentry and plumbing, it's 6,400 hours on the job over a four-year period; painting is 4,800 hours; and laborers are 3,200 hours. Ms. Quick stated that the apprentices average about 1,600 hours a year in their respective crafts. Related and supplemental instruction school is a minimum of 144 hours per year. ABC students attend school one night a week. President Brown questioned the ABC qualification that if a person does not have transportation, they are not allowed into their program because many of the SFHA residents do not have vehicles. Therefore, President Brown concluded that if a resident did work for a contractor hired by the SFHA and didn't have transportation then they were not accepted into the program. Ms. Quick stated that a driver's license and dependable transportation were requirements of the program and she did not have a choice in that, but if they could get to school and work in a dependable manner, then it wouldn't be an obstacle. President Brown asked if Ms. Quick knew of any residents that had been accepted into the ABC program. Ms. Quick answered that if she were provided with the names, she could easily check. Mr. Fortner said that the answer would be coordinated through Mr. Latosa.

Commissioner Palega commented that the Commission was unaware of the driver's license and dependable transportation requirement. Commissioner Palega said that the Commission was lead to believe that if a contractor doing work for the SFHA were enrolled in the ABC program, the resident would automatically be accepted into their program. What the Commission is now learning is that if the residents don't meet these qualifications, then they are not ensured future employment. Commissioner Palega stated that this is a big concern for the Commission because by completing an apprenticeship program, the resident would have a certificate that transfers nationwide, but in this situation, after the job is over the resident is out of work. Commissioner Palega thanked Ms. Quick for her presentation because there was a difference in information the Commission received compared to the reality of the program and she clarified some points.

President Brown asked from where the apprentices are dispatched. Ms. Quick answered that it is a paper dispatch, which means they are sent to a contractor for work by telephone or fax. Their dispatch slip specifies their number of hours they have in the program, their level, their start date, and then the contractor signs it. The contractor then knows that they have a registered apprentice and can start submitting the apprentice's hours and the money for their health and pension. President Brown stated that the residents work a limited number of hours for the contractors hired by the SFHA. Therefore, if they become registered with ABC they would have to call to find out if there is other work out there for them and then be dispatched accordingly after their current job was completed. Ms. Quick replied yes.

President Brown stated that he had a problem with the last contractor brought before the Commission that said they were apart of the ABC program. The Commission asked for verification of their participation and what staff brought before them was a subcontractor of the general contractor. President Brown said that the contractor was not being very truthful unless staff had some documentation of their participation in the ABC program.

Barbara Smith stated that the subcontractor hired the resident, and the subcontractor was a member of ABC. President Brown stated that when the resolution was being considered the subcontractor was not mentioned and when the Commission asked if the contractor was a member of ABC, they were told that yes. At the following meeting the subcontractor was finally mentioned. Ms. Smith said that both the contractor and subcontractor were present. The subcontractor was going to do the plumbing work. Ms. Smith apologized if she didn't make that clear. President Brown stated that the subcontractor never spoke and he assumed that the general contractor was an ABC participant. President Brown reiterated that the subcontractor wasn't mentioned until the second meeting and if the Commission requests something in particular, he hoped they could get it next time. Mr. Fortner stated that President Brown's point was well taken and asked Mr. Latosa to set up a process to detail the contractor's apprenticeship participation, MBE/WBE status, and what services are being provided. For example, if a general contractor does all of the work and a subcontractor has to hire someone it should be detailed to the Commission.

Commissioner Palega asked where the contractor was based because if the person does not have a driver's license or dependable transportation, then they wouldn't be accepted into the ABC program. Commissioner Palega's point was that if the job was local, but the company was based in Sacramento, for example, then SFHA residents might not have an opportunity to get in the program. Commissioner Palega stated that he would be very interested in seeing how many residents were actually accepted into the ABC apprenticeship program. Commissioner Palega said that he didn't think that Ms. Armstrong screened the residents for driver's licenses and dependable transportation. Mr. Fortner replied that the important part was that regardless of where a contractor is based, the work is in San Francisco and performed by resident employees.

Mr. Fortner asked President Brown if there were minimum requirements for the local apprenticeship programs. President Brown answered yes, but the local union required more extensive training and work hours than ABC. Mr. Fortner stated that staff would develop a written summary of the information presented just in case more questions came up later.

In continuing with the Report of the Secretary, Mr. Fortner informed the Commission that the SFHA had arranged a special training with HUD. A trainer would be coming on November 16, 2004 and the training was specifically for SFHA staff and the Board of Commissioners. HUD would be meeting with the other housing authorities on the following day. Mr. Fortner explained that this procurement training was initiated so that the Commission and staff could get an understanding of the federal rules and requirements that the SFHA is subject to because they have changed over the years, and may change again after November 2, 2004. Mr. Fortner informed the Commission that the training would be held on November 16, 2004 from 1:30p.m. – 4:00p.m., at 600 Harrison Street.

Mr. Fortner informed the Commission that the next Commission meeting scheduled for November 11, 2004, fell on an SFHA holiday. The bylaws stated that the meeting must be held the following day, but Mr. Fortner asked if the Commission would like to reschedule the meeting for the following week. Mr. Fortner stated that a lot of staff may be absent from work the following day, and the Commissioners may also have plans. Therefore, Mr. Fortner requested that the meeting be held on Thursday, November 18, 2004, instead. The fourth Thursday of the month is Thanksgiving and the following day is also a holiday for the SFHA. Mr. Fortner stated that it was possible that there would only be one meeting in November depending on if the Commission wanted to cancel the second meeting. If the Commission did not want to hold the meeting on November 18, 2004, it could be scheduled for the regular date of November 12, 2004. Mr. Fortner told the Commission that they would be polled separately. Commissioner Palega asked that the meeting be held on the 18th because people may be out of town. Mr. Fortner said the Commissioners would all be asked separately.

Mr. Fortner updated the Commission on Rev. Woodruff's appointment to the board and his swear-in ceremony. Rev. Woodruff had asked that the swear-in scheduled for the previous Monday, be postponed because he wanted to invite members of his family and congregation to the ceremony, but he found out too late to notify them. Mr. Fortner said that the ceremony would take place when the Mayor swears in the next round of Commissioners.

Mr. Fortner thanked staff and the Commissioners for the successful grand opening event of North Beach on Friday, October 26, 2004. The HOPE VI funding for North Beach was applied for in 1993 or 1994. The event was a success for San Francisco, as well as HOPE VI across the country. Mr. Fortner stated that before it is all said and done, the North Beach development would be used as a model to support HOPE VI funding and mixed finance development across the country. Mr. Fortner thanked the Commission for their participation in the process because they had to go through volumes of document review to make it happen. Mr. Fortner thanked everyone on staff, mentioning the Housing Development and Modernization Department, and Eligibility. It was a total team effort, Mr. Fortner said, and it was a success for the SFHA, the city, and public housing nationwide.

Mr. Fortner announced that President Brown had become a new grandfather and his second grandchild was recently born. Mr. Fortner also appealed to everyone to vote on November 2, 2004. He encouraged everyone to make sure their voice was heard, empowerment felt and to vote. Mr. Fortner said that the worse thing a person could do is not vote.

Commissioner Palega commented that the Commission should go ahead and schedule the next meeting for November 18, 2004. Commissioner Gans asked if something else was already scheduled for that day. Commissioner Palega responded no, but the retirement party for Jim Williams and Larry Andrews was scheduled for November 19, 2004. Mr.

Fortner replied that the Commission would be polled separately to determine what day would be best to carry out the business of the Commission.

6. COMMITTEE REPORTS

Diversity Committee

Vice President Smith reported that the Diversity Committee met on October 27, 2004, and they had a very nice meeting. On the agenda, there were items pertaining to public housing lockouts and the senior buildings. A security report was provided on some of the developments. Vice President Smith stated that they were informed when the contract of the current security company would expire because tenants were dissatisfied with their service. Commissioner Smith distributed a packet of information to all Commissioners. The packet contained the reports submitted at the Diversity Committee meeting. Vice President Smith reported that Belinda Jeffries is now over the Office of Fair Housing, located at the Rosa Parks development and she is doing a very good job. President Brown asked about the item on the agenda pertaining to North Beach. Vice President Smith stated that the North Beach grand opening was held and it was a beautiful ceremony. Everybody was there. There were great speakers, entertainment, and good food as well. So far, 15 residents had moved back in and the first to reoccupy the development would be the previous residents of North Beach. Vice President Smith said that it is a beautiful place and she would like to move there herself.

President Brown asked how many of the units were available. Mr. Fortner and Vice President Smith answered all of them. Ms. Smith, Administrator for Housing Modernization and Development commented that there are certificates of occupancy for all 350 units and the tenants would be moved in within the next four months. Mr. Fortner added that of the 229 original families, 169 are moving back to North Beach.

Commissioner Brown asked why it would take four months to move the tenants into the units if they are ready. Ms. Smith answered that it is the outside management's goal to move everyone back in within four months. They wanted an orderly process where families are moved back in groups and an orientation is held for everyone moving in. The management company thought that it would be more manageable to have about 14 households move in per week. The management company is on schedule to move everyone back in. Ms. Smith stated that if the Commission wanted more information on the schedule and their reasoning, it could be provided. Mr. Fortner asked if there was some work that needed to be finished on the west block. Ms. Smith answered that there is always punch-list work to be reviewed to make sure everything is in perfect working order.

Vice President Smith asked if people were being moved in by groups to prevent the chaos of everyone moving in at the same time. Ms. Smith answered yes. Mr. Fortner added that the screening process of government housing doesn't necessarily make if feasible for 355 households to move in on a given day. Credit and criminal background checks must be done as well as provide relocation assistance for 160 residents. Commissioner Brown responded that he thought all of these things were already in place and the timeline for the completion of the units was known. Commissioner Brown questioned why there wasn't enough information on the previous tenants to move them in immediately. Mr. Fortner replied that HUD requires an update of the information no older than 90 days and sometimes there is a delay in the information coming through. The government puts the SFHA through more stringent requirements than the private market. Commissioner Brown responded that with people needing housing, and the crunch that society is in, the government bureaucracy is for the birds. People should be primary on the agenda. The SFHA needs to be secure on who occupies its units, but it shouldn't take an eternity to perform a background check. Mr. Fortner jokingly responded that he would purchase Commissioner Brown's ticket to Washington, D.C. to express that to the federal government. Commissioner Brown said that he would be glad to do it.

Finance Committee

No report.

Personnel Committee

No report.

7. REPORT OF AGENCY COUNSEL

Agency Counsel Donna Martin stated that there was nothing to report and no closed session.

8. TENANT REPRESENTATIVE REPORT

City Wide Council - Senior/Disabled

William Vitalie, President of the City Wide Council – Senior/Disabled reported that on September 21, 2004, they had successful trip on the Hornblower Cruise. Two guest speakers from the League of Women Voters explained the instant run-off process. Commissioner Smith was also in attendance. Mr. Vitalie stated that the organization was still working with HUD to obtain certain deferments that are more senior and disabled friendly.

Public Housing Tenants Association (PHTA)

Kimberly Brown, President of the PHTA stated that the new North Beach development was a diamond. It had been a long process, but North Beach was beautiful. Ms. Brown commended the North Beach Tenant's Association for their hard work, dedication, and commitment to seeing the process through. Ms. Brown said that there were many people acknowledged at the ceremony, but often people get left out. Ms. Brown said to the Procurement and Finance Departments that they are not forgotten and neither was their hard work in the process. Ms. Brown acknowledged Barbara Smith and thanked her for her hard work and expertise in bring HOPE VI to San Francisco. Ms. Brown thanked Commissioner Palega for helping straighten things out with the Bernal Development when it first opened.

Ms. Brown stated that the PHTA is in the process of relocating to its permanent home on 43 Nichols. She thanked the SFHA and staff that were helping with the move. Ms. Brown encouraged everyone to vote on Election Day, especially African-Americans who suffered for the right to vote.

President Brown stated that he hoped the North Beach Development was recognized at the next NAHRO conference. The HOPE VI projects recognized by other cities didn't even compare to any of the San Francisco HOPE VI developments. Mr. Fortner responded that before it is said and done, North Beach would receive awards from every housing agency in the country.

Vice President Smith commented that when they went to Baltimore, Maryland, the organizers of the conference had the audacity to rent buses and tour the participants to all of their developments. Vice President Smith stated that she had never seen such poor living conditions for African-Americans in her life. It resembled that of slave conditions. The dwellings are really poor and run down. Vice President Smith said that the people who come to the Commission meetings complaining about what they don't have should be taken to Maryland to see the comparison.

9. PUBLIC COMMENTS ON AGENDA ITEMS: LIMITED TO 2 MINUTES

NOTE: *The public will have the opportunity to comment on agenda items prior to any action taken by the Commission pursuant to the San Francisco Housing Authority Rules Governing Public Testimony adopted 2/23/95 as Resolution No. 4423. Prior to adjournment, after Item No. 11, the public will have the opportunity to comment on items not on the agenda.*

There were no public comments on agenda items.

10. UNFINISHED BUSINESS – None

11. NEW BUSINESS

Resolution No. 5186

(A) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH UNIGARD INSURANCE COMPANY FOR FLEET INSURANCE COVERAGE FOR 2004-2005 IN AN AMOUNT NOT TO EXCEED $219,712.00

Tim Larsen, Attorney in the Office of General Counsel presented the resolution. On September 24, 2004, the request for proposals (RFP) was released. The RFP was sent to 20 broker firms and two responses were received. One was from Unigard and the other from the Housing Authority Risk Retention Group (HARRG). In comparing the two firms, both provided the same coverage, but Unigard quoted a price of $219,712 per year and HARRG quoted $277,568 per year. The Unigard quote was $57,856 less than HARRG's. According to the cost differential, Mr. Larsen recommended the approval of the resolution. Mr. Larsen also mentioned that Unigard's quote was $29,930 less than the quote for the same coverage last year.

President Brown asked if HARRG and Brown & Brown were the two groups that responded to the solicitation. Mr. Larsen explained that Brown & Brown was a brokerage firm that procured the insurance through Unigard.

Commissioner Palega asked the time period of coverage. Mr. Larsen answered that it would cover the SFHA through October 2005. Mr. Fortner added that the effective date is November 1, 2004.

President Brown noticed that the RFP was released only a month before the coverage expired. President Brown asked if the solicitation had went out sooner, would it have been possible to obtain more quotes and less expensive coverage. Mr. Fortner explained that when Ms. Henderson previously presented the other insurance resolutions, she had pointed out that the fleet insurance wasn't being presented because it was still in the procurement process. The solicitation was extended for one month, because the SFHA was still trying to work out the quotes. Mr. Larsen added that there is a very limited market to obtain quotes for a fleet of vehicles for a housing authority.

Commissioner Brown moved to approve Resolution No. 5186. Commissioner Palega seconded the motion. The motion to approve Resolution No. 5186 was unanimously passed.

Resolution No. 5187

(B) RESOLUTION APPROVING THE WRITE-OFF OF VACATED TENANT ACCOUNTS RECEIVABLE (TARs) IN THE AMOUNT OF $432,215.63 FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2004

Commissioner Palega was excused for the remainder of the meeting.

David Esparza, Administrator of Finance explained that every year a write-off amount is presented to the Commission as a fiscal year end closeout for the accounting records. The amount requested reflects the total of uncollectable debts for FY 2004 from people who have moved out of SFHA property. The debts are at least six months old and have been sent to a collection agency. The write-off of this amount would not preclude the SFHA from collecting on the amounts owed, but is merely a bookkeeping function for the fiscal year closeout and must be given to HUD in the SFHA's documentation by the end of November. The amount is $36,606.00 less than the amount written off in 2003, $21,070.00 less than 2002, and $105,000.00 less than the amount written off in 1996. Collection and rent receipts have improved over this period of time and the SFHA continues to make progress.

Vice President Smith asked if working with the Office of the City Treasurer to collect the debts was successful. Mr. Esparza replied not entirely. Last year, the Commission gave instruction to the SFHA to continue in the effort to collect the past due amounts. As a result, the SFHA contracted with the City Treasurer's Office to provide this service, but it has not been as fruitful as desired.

Vice President Smith moved to approve Resolution No. 5187. Commissioner Gans seconded the motion. The motion to approve Resolution No. 5187 was unanimously passed.

Resolution No. 5188

(C) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A TWO-YEAR CONTRACT WITH GOLDFARB & LIPMAN TO PROVIDE REAL ESTATE LEGAL COUNSEL SERVICES ON AN AS-NEEDED, TASK ASSIGNMENT BASIS FOR ALL DEVELOPMENTS IN A TOTAL AMOUNT NOT-TO-EXCEED $200,000.00

Steve Haines, Construction Services Manager in the Housing Development and Modernization Department presented the resolution. Mr. Haines explained that the real estate firm assists the Authority with the detailed, complex transactions the SFHA is required to undertake, and produces the massive documents for the Commission's review for developments such as North Beach and Valencia Gardens. This requires a firm to be skilled and knowledgeable about mixed financing, tax credits, bonds, and all HUD regulations pertaining to these issues. Mr. Haines reported that the current contract was expiring and was with Goldfarb and Lipman. The solicitation for bids was done through an RFP. Prior to proceeding, SFHA management provided authorization and the procurement was conducted in accordance with HUD requirements, and federal, state, and local laws. Mr. Haines stated that when an RFP is procured the evaluation team selects the firm based on their technical competence and their price. The RFP was issued on June 22, 2004, to all of the standard outreach resources. Two responses were received on the due date of July 27, 2004. The evaluation criteria included the firm's experience, past performance, staff qualifications, affirmative action commitments, and a detailed plan for hiring a public housing resident. Mr. Haines brought the Commission's attention to the results of the two firms' evaluations. The evaluation panel consisted of the General Counsel, the Acting Administrator for Section 8 Housing, and the Administrator for Housing Development and Modernization. As indicated in the ranking, Goldfarb and

Lipman was clearly the top rated firm based on their technical abilities and hourly billing rates. Compared to the other proposal, Goldfarb and Lipman's rates were 40% less. Goldfarb and Lipman does not charge for copying or faxing, and is only requires reimbursement of the filing fees for documents such as income taxes. Mr. Haines stated that the Authority would benefit by having skilled legal advice on complex real estate transactions. The residents would benefit by the SFHA's ability to put together projects such as North Beach. The funding was immediately available in the HOPE VI budget and capital fund program. The contract is for two years, but if the volume of redevelopment activity is increased the SFHA may complete the tasks within a shorter period of time. Under the previous contract, Goldfarb and Lipman hired a resident as a temporary clerk, but since then extended her employment for a year. The individual chose to leave and now works at a firm in the city, but her experience was indicative of the growth opportunities Goldfarb and Lipman provides. The principle attorneys are women and own 58% of the firm.

President Brown commended Goldfarb and Lipman and stated that since he had been a Commissioner, he had developed a comfort with the advice that they give. President Brown commented that the firm had done a good job on the work performed for various developments and did it at an excellent price.

Commissioner Brown moved to approve Resolution No. 5188. Commissioner Gans seconded the motion. The motion to approve Resolution No. 5188 was unanimously approved.

Resolution No. 5189

(D) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE A SUBGRANT AGREEMENT WITH THE SFHA HOUSING CORPORATION FOR A GRANT OF $15,716,275.00 OF HOPE VI FUNDS, A REVITALIZATION SERVICES AGREEMENT WITH MISSION HOUSING DEVELOPMENT CORPORATION AND OTHER DOCUMENTS PERTAINING TO THE FINANCING OF VALENCIA GARDENS

Barbara Smith, Administrator for Housing Development and Modernization presented the resolution. Ms. Smith stated that this action should be the last before Valencia Gardens closes. Ms. Smith explained that the SFHA Housing Corporation is an affiliate, nonprofit corporation, established by SFHA's Commission in 2002. The subgrant agreement would enable the SFHA to provide the HOPE VI grant funds in the same amount previously approved by the Commission to the Valencia Gardens partnership, through the Housing Corporation. The subgrant agreement would also enable the SFHA to enter into a revitalization services agreement with Mission Housing Development Corporation. The documents the Commission previously received were not substantially changed and subsequently, not redistributed to the Commission. The only substantial change was the addition of the subgrant agreement. The same loan agreement exists, where the Housing

Corporation would loan the funds to the Valencia Gardens partnership. The HOPE VI funds would be provided to the partnership that is separate from the SFHA with a secure deed of trust. This structure protects the Authority's HOPE VI investment into the project. All funds repaid to the SFHA Housing Corporation, under the terms of the subgrant agreement, have to be repaid to the Authority. The SFHA Housing Corporation was originally created to loan funds to the HOPE VI Plaza East housing project.

The Revitalization Services Agreement with Mission Housing Corporation would provide services to residents through construction, lease-up, and the first year of occupancy. Through this agreement, Mission Housing Corporation would be required to coordinate with the Valencia Gardens Resident Council and the SFHA to assist and support residents during relocation, coordinate the development of programs and services planning for the new site, provide self sufficiency planning and training, assistance for securing leverage funding for those services, provide community building activities, and coordinate the onsite child care services.

Ms. Smith stated that HUD had approved the revitalization plan calling for the demolition of the existing structures, 260 new apartments, 11,000 square feet of community facilities including a child care center, computer learning center and the property management office. Approximately 80% of the units are for public housing replacement units with an annual contributions contract and Section 8 subsidies. Approximately 20% are new housing units under the tax credit program. Mission Housing had completed remediation and demolition under agreements previously approved by the Commission. HUD had approved almost all of the evidentiary documents and the development team has almost completed negotiations with the lenders. The $40,000,000.00 in bonds had been issued and under the pre-construction services agreement, Mission Housing was coordinating soil stabilization and site improvement work. Closing is planned for the second week of November, with construction beginning shortly thereafter. Construction is expected to be completed by July 2006, with the residents moving in at that time. One hundred percent occupancy is expected by Christmas 2006. The HOPE VI funds are leveraging an additional $50,000,000.00 for the project. The revitalization services would be funded based on the availability of cost savings during construction. Those funds would not be available to the project if there were no Revitalization Services Agreement because the funding would be used to repay the Redevelopment Agency a portion of their financing.

Vice President Smith asked what the services to the residents would entail. Mr. Fortner answered that the services would include a computer learning center, resident empowerment programs, and everything at the other HOPE VI developments. Vice President Smith asked if the relocated tenants received assistance through this funding or is it reserved for when they return. Ms. Smith stated that the services would begin as soon as the agreement is executed and relocation is a part of the services residents would be able to take advantage of. Mr. Fortner added that Belinda Jeffries is in charge of keeping in touch with the relocated residents so that they can stay informed of the progress of the development.

President Brown asked what phase of the project the 15 million would be used in. Ms. Smith answered that it is being used for construction and pre-construction work. The bulk of the funding, $11,666,000.00 would be used for the building construction. All of the money is bundled together in a loan.

Commissioner Brown moved to approve Resolution No. 5189. Vice President Smith seconded the motion. The motion to approve Resolution No. 5189 was unanimously passed.

Resolution No. 5190

(E) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH BEST ROOFING AND WATERPROOFING INC. FOR THE WINDOW AND EXTERIOR DOOR REPAIRS AT CAL 1-21, 320/330 CLEMENTINA STREET, IN AN AMOUNT NOT TO EXCEED $478,000.00

Barbara Smith, Administrator for Housing Development and Modernization presented the resolution. Ms. Smith explained that the work to be completed would make the buildings completely water resistant. The two, 13-story buildings have a total of 276 senior and disabled units and were built in 1971. The SFHA had recently performed extensive repairs and waterproofing to the exterior walls and balconies of the building. There were many cracks, spalls and rusting steel parts of the structure. During the course of the previous work, it was discovered that many of the sliding balcony doors and windows were found to be beyond repair. The initial contract included weather stripping, but could not be done to many of the balcony doors and windows because they needed to be completely replaced. These balcony doors are extremely difficult to operate and residents have had problems securing them during wet weather and problems opening them for ventilation during warmer days. Ms. Smith stated that this contract would allow the completion of all the waterproofing work for these buildings. The scope of work included replacing the sliding glass doors and framing, hollow metal door and frame replacement on some emergency exit doors, replacing sliding glass door latches and locks, weather stripping the windows of the community room as well as additional repairs, the main door entrance door closure would be replaced to make it ADA compliant, and any broken glass would be replaced. Ms. Smith said that the competitively bid contract would complete the repairs to the exterior of Clementina and would address the outstanding ADA issues regarding the doors being easily operable.

The Housing Development and Modernization Department developed the invitation for bid documents based on the Procurement and Contract Department's boilerplate documents. The Authority's architectural consultants, Lin and Meinhardt, prepared the technical specifications and drawings. The documents were reviewed and approved by the Procurement and Contracts Department and then advertised to begin the bid process.

The Authority issued the invitation for bids on July 12, 2004. The process took place in accordance with all HUD, Housing Authority, state, and local policies and laws. The standard list of solicitations was used but did not reflect the recent requests of the Commission. Future procurement will include the additional outreach and newspapers requested by the Commissioners. Seven contractors requested the bid documents and 7 attended the onsite bid-walk with SFHA staff and the consultants. Sealed bids were due on August 5, 2004, by 2:00p.m. and the SFHA received one bid from a responsive, responsible bidder. An additional bid was received 45 minutes late and was disqualified in accordance with HUD 5369, instructions for bidders and contracts. The bid was reviewed by the Modernization staff and forwarded to Procurement for review and approval. Since the bid was more than $100,000 and there was only one submission, HUD approval was necessary before awarding the contract. Ms. Smith reported that HUD had approved the award and SFHA called the other contractors that attended the bid-walk. Staff asked the contractors why they chose not to bid. The majority of the contractors answered that the difficulty to access for the material and labor deterred them from bidding. The background check of Best Roofing showed that they were a responsible contractor with a good record. They have performed similar contracts for other agencies and had a good history of minimizing change orders. Best Roofing had performed well for other SFHA jobs and completed their work on schedule despite adverse weather conditions. Best Roofing would provide a five-year guarantee for the sliding doors and a two-year warranty for all materials and workmanship. The windows and exterior work is funded through the 2003 capital fund program. The Best Roofing estimate was 14% higher than the cost estimate and previously budgeted amount. However, the cost was determined to be reasonable. An additional cost analysis was performed and concluded that most of the items in the bid relating to the door and frame replacement were lower than the original estimate. The item higher than the original estimate was the cost of hoisting door replacement assemblies from the exterior of the 13-story building. HUD was also asked to review the bid cost and approved of the procurement process.

Ms. Smith reported that Best Roofing and Waterproofing, Inc. is committed to achieving the 25 percent resident hiring goal on this job as it had on prior contracts with the Authority. The contractor estimated that it would take about 4,500 hours to complete the project, of which a minimum 1,125 hours would be a resident hire. In addition to the resident construction workers, a resident will be hired part-time to coordinate required access to the residents' units. After the Authority's waterproofing contract at Clementina was completed Best Roofing had continued to employ a resident hired for that contract. For this contract, Best has achieved 19.5% MBE/WBE participation with its listed subcontractors and suppliers. The supplier is a women's business enterprise and the demolition contractor is a minority business enterprise.

Commissioner Gans asked how long ago the contractor had the previous contract with the SFHA. Ms. Smith answered that it was completed within the past year. Commissioner Gans also asked how long they had been in business. Ms. Smith answered that she didn't have the information. Ms. Smith called for the representative of Best Roofing to come forward, but he was not present.

Commissioner Brown asked if Best Roofing's previous work was satisfactory. Ms. Smith answered yes and listed the previous jobs performed.

Commissioner moved to approve the resolution.

President Brown had another question. He asked if the previous resident employees for Best Roofing were put in an apprenticeship or affiliate program. Ms. Smith answered that the contractor is a part of a local union. President Brown also expressed that the Commission does not look very favorably on contractors that do not attend the Commission meetings when they are being considered for a contract. Ms. Smith replied that yesterday, the contractor committed to coming to the meeting and they had attended meetings in the past, so she didn't know what happened.

Commissioner Smith asked if Ms. Smith knew how long ago the roofing at Rosa Parks was done. Ms. Smith answered that Best Roofing did repair work on several sides of the building. Additional work at Rosa Parks had been identified, but not bid out yet. Ms. Smith added that only the lower roofs were repaired at Rosa Parks and was not a complete re-roofing and waterproofing. Certain areas had been identified as high priority and the work was completed. Commissioner Smith stated that the tenants at Rosa Parks are experiencing the consequences of completing the work in pieces and the rest of the roof is now falling apart. Commissioner Smith asked if the work came with a warranty. Ms. Smith answered yes and if the leaks were coming from an area that the contractor had previously done, the SFHA would have Best Roofing redo it. Mr. Fortner added that Commissioner Smith brought up a good point. In HUD's last assessment, they determined that the SFHA had $190 million worth of maintenance and modernization needs and the SFHA receives $14 million a year to take care of it. Therefore, the SFHA prioritizes the best it can and staff would send someone out to look at the roof on the following day.

Commissioner Brown commented that Rosa Parks is a very big facility with many roofs. The work probably wasn't completed and done in pieces due to a lack of funding.

Commissioner Brown restated his motion to approve Resolution No. 5190. Commissioner Smith seconded the motion. The motion to approve Resolution No. 5190 was unanimously approved.

Item F was removed from the agenda.

Resolution No. 5191

(G) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH ELECTRONIC INNOVATION, INC. FOR THE ACCESSIBLE ENTRY SYSTEM REPLACEMENT WORK AT CAL 1-18(5), ROSA PARKS; CAL 1-18(10), 255 WOODSIDE GARDENS; CAL 1-27, 350 ELLIS STREET; CAL 1-36, 227 BAY STREET; CAL 1-37, 491 31st AVENUE; AND CAL 1-39A, 939 EDDY STREET, IN AN AMOUNT NOT TO EXCEED $82,178.00

Barbara Smith, Administrator for Housing Development and Modernization presented the resolution. Ms. Smith informed the Commission that this resolution was a continuation of the SFHA's effort to continue replacing all entryway systems at the senior developments to be accessible and functional at six developments built between 1961 and 1973. Most of the buildings have the original entryway system. The contract would include site survey and verification of existing conditions, demolition and replacement of the existing entry systems, and furnishing and installing new accessible entry systems. It would provide safety, security and accessibility to the residents. The system would be upgraded to provide audio and visual assistance for tenants and visitors with disabilities.

Ms. Smith reported that the same process for the solicitation of proposals was followed for this procurement action. The invitation for bids was issued on August 13, 2004. Two potential bidders requested the Invitation for Bid Documents, Plans & Specifications. The on-site bid walk was conducted on August 30, 2004 and in attendance were three contractors. The Authority received a bid from one responsive and responsible contractor on September 8, 2004. The bid documents were publicly opened and read aloud. The submittal documents were reviewed by Housing Development and Modernization and forwarded to Procurement and Contracts for review and approval. They had performed similar contracts for San Francisco Housing Authority and other public agencies. Ms. Smith listed the various agencies. Electronic Innovation's bid is 11% lower than the cost estimate. The bid documents were reviewed and the breakdown was analyzed and found to be acceptable. Electronic Innovation, Inc. is committed to meeting or exceeding the 25 percent resident hiring goal. The contractor estimates that it will take about 484 hours to complete the project, of which a minimum 121 hours will be resident hire employment. The contractor has already started working with Joyce Armstrong to identify a resident to provide construction coordination with the SFHA property managers and residents. The resident would also assist with collecting information for a database of resident telephone numbers. The resident may also work with the contractor at other sites in San Francisco while the work is being completed for the SFHA. Electronic Innovations is a small firm with six communication installers. The subcontracting was mostly the procured materials and equipment.

Commissioner Brown moved to approve Resolution No. 5191. Commissioner Smith seconded the motion. The motion to approve Resolution No. 5191 was unanimously approved.

Resolution No. 5192

(H) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO NEGOTIATE AND EXTEND THE EXISTING SECURITY CONTRACTS FOR PERIOD NOT TO EXCEED FOUR MONTHS FOR A SUM OF NOT TO EXCEED $490,000.00

Rene Latosa presented the resolution. Mr. Latosa explained that a new solicitation was publicized and is due to close on November 18, 2004. Mr. Latosa said that the SFHA probably wouldn't reach the four months, but needed a cushion to ensure that enough outreach is performed and the contract is awarded to the best firm. The $490,000 is how much it would have cost if the contract continued for four months and there was no change in the amount the firm was currently being paid.

Commissioner Gans asked if this were the private security. Mr. Latosa answered yes. Commissioner Gans asked how many security companies there were. President Brown asked if this contract was going to last until December. Mr. Latosa replied that the bids would be evaluated and sent out as fast as possible.

President Brown commented that the evaluation process may become an issue because there have been complaints about some of the security companies hired by the SFHA. President Brown asked if the complaints would be taken into consideration and whether staff was aware of them. Mr. Latosa answered yes. Mr. Fortner added that the SFHA had entered into a contract with four companies about two or three years ago. The SFHA has removed companies from sites if they were not performing according to the SFHA standards and this information would be taken into consideration when the bids close. The blanket security contracts allow the SFHA to replace a security company without affecting others that are performing. Mr. Latosa said that parts of the scope of work had been rewritten to take past performance into consideration as well as including verification of rounds and tours that the guards make.

President Brown asked who took Jim Williams place as head of security. Mr. Fortner explained that the various parts of work assigned to Mr. Williams were dispersed among staff.

Commissioner Smith commented that the person who presented the security report at the Diversity Committee meeting was very informed and did a good job.

President Brown said that he remembered discussions about instituting a process that ensured that the security guards were making their rounds and wanted to know what happened to that idea. Mr. Latosa answered that it has been incorporated into the new solicitation through an amendment. The security companies would be required to validate each tour of a security guard. The security firm would have the leeway to choose their own method of validating the guard tours. Mr. Fortner clarified that this does not apply to the Big Four developments where the San Francisco Police Department is providing the security services. Mr. Fortner added that when security cameras verified that the firm at the Alice Griffith development was not to be in place and checking cars like they were supposed to, the security company was removed and replaced.

Commissioner Brown moved to approve Resolution No. 5192. Commissioner Smith seconded the motion. The motion to approve Resolution No. 5192 was unanimously passed.

12. PUBLIC COMMENTS ON ITEMS NOT ON AGENDA

Patricia Davis was not present to address the Commission.

Connie Turner was not present to address the Commission.

Vera Stewart resident of Rosa Parks complained that they do not have a tenant's association. Ms. Stewart said that Commissioner Smith pardoned the candidates and sits in as the secretary and treasurer. The Russians never have any problems, but the African Americans always do. Management is disrespectful and so is Commissioner Smith. Ms. Stewart also complained that security harassed her about polishing her nails. Ms. Stewart said that she was the treasurer until 2000, and now the tenants don't get a chance to see the actual documents, unlike when she was the treasurer. Now, everything is just read aloud. Ms. Stewart said that it is very sad.

13. COMMISSIONER COMMENTS AND REPORTS

There were no Commissioner comments and reports.

14. ADJOURNMENT

There being no further business to come before the Commission Vice President Smith moved to adjourn the meeting. Commissioner Brown seconded the motion. President Brown adjourned the regularly scheduled meeting of October 28, 2004 at 6:41 p.m.

Gregg Fortner, Secretary/Executive Director

George R Brown

George R. Brown, President

SAN FRANCISCO HOUSING AUTHORITY
440 Turk Street • San Francisco CA • 94102 • (415) 554-1200

Agenda

NOTICE

CANCELLATION OF NOVEMBER 11, 2004 COMMISSION MEETING

THE REGULAR MEETING OF THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO, SCHEDULED FOR NOVEMBER 11, 2004, HAS BEEN CANCELLED AND RESCHEDULED FOR THURSDAY, NOVEMBER 18, 2004.

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GREGG FORTNER, SECRETARY/ EXECUTIVE DIRECTOR

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SAN FRANCISCO HOUSING AUTHORITY
440 Turk Street • San Francisco CA • 94102 • (415) 554-1200

NOTICE

THE REGULARLY SCHEDULED MEETING OF THE
SAN FRANCISCO HOUSING AUTHORITY COMMISSION
WILL BE HELD ON THURSDAY, NOVEMBER 18, 2004 AT 4:00 P.M.
AT 440 TURK STREET, SAN FRANCISCO, CALIFORNIA, 94102

AGENDA
November 18, 2004

1. ROLL CALL

   George R. Brown, President
   Betty J. Smith, Vice President
   Sululagi Palega, Sr., Commissioner
   Julie Lee, Commissioner
   Neola Gans, Commissioner
   Rev. Amos Brown, Commissioner
   Rev. George Woodruff, Commissioner

   SEATING OF NEW COMMISSIONER: REV. GEORGE WOODRUFF

2. APPROVAL OF AGENDA

3. APPROVAL OF MINUTES

   - October 28, 2004 Commission Meeting

4. GENERAL COMMUNICATIONS

5. REPORT OF SECRETARY

6. COMMITTEE REPORTS

   Diversity Committee – Nothing to Report
   Finance Committee – Report of November 9, 2004 Meeting
   Personnel Committee – Nothing to Report

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7. REPORT OF AGENCY COUNSEL

8. TENANT REPRESENTATIVE REPORT:
City Wide Council - Senior/Disabled
Public Housing Tenants Association (PHTA)

9. PUBLIC COMMENTS ON AGENDA ITEMS: LIMITED TO 2 MINUTES

NOTE: *The public will have the opportunity to comment on agenda items prior to any action taken by the Commission pursuant to the San Francisco Housing Authority Rules Governing Public Testimony adopted 2/23/95 as Resolution No. 4423. Prior to adjournment, after Item No. 11, the public will have the opportunity to comment on items not on the agenda.*

10. UNFINISHED BUSINESS - NONE

11. NEW BUSINESS

(A) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH AYOOB & PEERY PLUMBING CO., INC. FOR BOILER, PUMP, AND PIPE REPLACEMENT WORK AT CAL 1-18(6), PING YUEN NORTH, IN AN AMOUNT NOT TO EXCEED $246,600.00

(B) RESOLUTION APPROVING THE CERTIFICATION FOR THE PUBLIC HOUSING ASSESSMENT SYSTEM (PHAS) INDICATOR #3, MANAGEMENT OPERATIONS, FOR FISCAL YEAR 2004

(C) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR AND THE PRESIDENT OF THE BOARD OF COMMISSIONERS TO SIGN THE SECTION 8 MANAGEMENT ASSESSMENT PROGRAM (SEMAP) CERTIFICATION

12. PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA

13. COMMISSIONER'S COMMENT AND REPORT

14. ADJOURNMENT

GREGG FORTNER, Secretary/Executive Director

A

SAN FRANCISCO HOUSING AUTHORITY
440 Turk Street • San Francisco CA • 94112 • (415) 554-1200

DATE: November 18, 2004

TO: SAN FRANCISCO HOUSING AUTHORITY COMMISSIONERS

George R. Brown, President
Betty J. Smith, Vice President
Sululagi Palega, Sr., Commissioner
Julie Lee, Commissioner
Neola Gans, Commissioner
Rev. Amos Brown, Commissioner

FROM: Gregg Fortner, Secretary/Executive Director

SUBJECT: **RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH AYOOB & PEERY PLUMBING CO., INC. FOR BOILER, PUMP, AND PIPE REPLACEMENT WORK AT CAL 1-18(6), PING YUEN NORTH, IN AN AMOUNT NOT TO EXCEED $246,600**

OVERVIEW

This resolution authorizes the Executive Director to enter into a contract with Ayoob & Peery Co., Inc. for boiler, pump, and pipe replacement work at Ping Yuen North. The twelve-story Ping Yuen North building was constructed in 1961 and contains 194 family, senior, and disabled dwelling units.

The 43-year-old heating and domestic hot water boilers, storage tanks, associated equipment and piping have reached the end of their serviceable life, have deteriorated beyond reasonable repair and need to be replaced immediately to assure continuous heat and hot water to the development's residents.

OBJECTIVES

The objective of the resolution is to authorize the Executive Director to enter into a contract for the demolition and replacement of the existing heating and domestic hot water boilers, pumps, accessories, controls, vents, and pipes located in the boiler room.

Work under this contract will generally include, but not be limited to, the following:

a. Site survey and verification of existing conditions.

b. Demolition and replacement of the existing heating and domestic hot water boilers, pumps, accessories, controls, and pipes.

c. Furnish and install all new equipment and accessories.

d. Provide heating and domestic hot water to the residential units at all times during construction.

PROCUREMENT

The Authority issued Solicitation No. 04-620-IFB-026 on July 26, 2004, following review and approval of the solicitation by the Finance and Procurement & Contracts (Procurement) Departments. The procurement process for the action covered by this resolution meets the procurement standards of 24 CFR 85.36 “Procurement”, HUD Handbook 7460.8 REV 1, “Procurement Handbook for Public Housing Agencies and Indian Housing Authorities”, the San Francisco Housing Authority Procurement Policy Manual, and the State of California, and local laws.

The Housing Development & Modernization Department (HD&Mod) developed the Invitation for Bid documents, Plans, and Specifications based on master procurement documents furnished by Procurement and construction documents (drawings and technical specifications) furnished by the Authority’s Mechanical Engineering consultant, Mechanical Solutions. The documents were reviewed and approved by Procurement prior to the start of the bid process.

The Authority advertised for bidders and outreached to potential bidders as follows:

Past Bidders List, Contractors Blue Book & Yellow Pages: The Authority e-mailed, faxed or mailed its Invitation for Bid advertisement to sixty-one (61) individual contractors from the Authority’s Past Bidders List, the Contractors Blue Book and Telephone Directory Yellow Pages.

HRC: The Authority e-mailed, faxed or mailed its Invitation for Bid advertisement to twenty-two (22) MBE/WBE contractor listed by the San Francisco Human Rights Commission.

Labor Unions: The Authority mailed its Invitation for Bid Documents, Plans & Specifications to the San Francisco Buildings Trade Council, and Plumbers Union Local 38. Following the bid walk, staff contacted the Plumbers Union Local 38 Business Agent several times to enlist his support in encourage more bidders.

Newspapers: The Authority publicly advertised its Invitation for Bid advertisement in the following newspapers:
Daily Pacific Builder, (trade publication)
San Francisco Bay View, (African American community)
World Journal, (Asian American Community)

Additional Newspapers: The Authority e-mailed its Invitation for Bid advertisement to the San Francisco Board of Supervisors office who placed the advertisement in the following community newspapers:

- El Latino (Hispanic American community),

- El Reportero (Hispanic American community),
- Asian Week (Chinese American community),
- Chinese Times (Chinese American community),
- San Francisco Bay Times (Lesbian/Gay/Bi-sexual/Transgender community),
- San Francisco Spectrum (Lesbian/Gay/Bi-sexual/Transgender community).

Public Agency Websites: The Authority e-mailed its Invitation for Bid advertisement to the following agencies who placed the advertisement in their website bulletin boards:

- City and County of San Francisco (City Purchasing Department),
- California State Contracts Register (Office of Small Business Certification and Resources),
- Small Business Administration's PRO-Net (Office of Government Contracting & Minority Enterprise Development).
- U.S. Department of Commerce's BIDNET (Minority Business Development Agency)

Builders Exchanges: The Authority sent its Invitation for Bid Documents, Plans & Specifications to the following Builders Exchanges, where the documents are available to Contractors for review and bid preparation:

- San Francisco Builders Exchange,
- Peninsula Builders Exchange,
- Builders Exchange of Alameda County,
- Santa Clara Builders Exchange,
- Contra Costa Builders Exchange,
- BV2HP Builders Exchange,
- MECA Builders Exchange (member base composed of small DBE, M/WBE firms),
- Marin Builders Exchange,
- Construction Data Plan Room,
- San Francisco Building and Construction Trade Council,
- Local Union 38, Plumbers Union,
- Local Union 6, International Brotherhood of Electrical Workers.

Four (4) potential bidders requested the Invitation for Bid documents, Plans and Specifications that were issued by HD&Mod. The on-site bid walk was conducted by HD&Mod on August 10, 2004. In attendance were four (4) contractors along with the Consultant, and Authority staff members from HD&Mod Department. Following the bid walk, staff again contacted the Plumbers Union Local 38 Business Agent to enlist his support in encouraging more bidders.

BIDDER SELECTION PROCESS

On the closing date for the solicitation, August 26, 2004, the Authority received bids from four (4) responsive and responsible contractors. The bid documents were publicly opened and read aloud. The submittal documents were reviewed by HD&Mod and forwarded to Procurement for review and approval to prepare this resolution. The Contractors' bids are as follows:

BID PROPOSALS:

Bidder	Bid Proposal	25% Resident Hiring	Contractor MBE/ WBE	Sub Contractors	MBE/WBE Sub Contractor % Of Total Job	Total MBE/ WBE
Ayoob & Peery	$246,600	Yes	No	Five	11.6%	11.6%
Black Sea Corp.	$259,500	Yes	No	Three	0%	0%
Schram Construction	$294,900	Yes	No	Two	0%	0%
Sonomarin, Inc.	$331,818	Yes	No	Two	20.63%	20.63%

Per HUD-5369 Instructions to Bidders, the contract award is based on the lowest, responsive, and responsible bidder. Based on the above, the lowest, responsive, and responsible bidder is Ayoob & Peery Plumbing Co., Inc. Ayoob & Peery Plumbing Co., Inc. bid is twenty-nine (29) percent lower than the cost estimate and budgeted amount. Upon request, Ayoob & Peery Plumbing Co., Inc. reviewed their bid and informed Procurement that they stood by their bid.

According to the reference check on past projects performed by Ayoob & Peery Plumbing Co., Inc., the firm is a responsible contractor with a good record. They have performed similar contracts for other public agencies and have a good history of minimizing contractor initiated change orders. A debarment check was made and shows that Ayoob & Peery Plumbing Co., Inc. is not debarred from Federal Procurement and Non-Procurement work.

ANTICIPATED OUTCOMES

Replacement of the heating and domestic hot water boilers, storage tank, associated equipment, and piping will provide energy efficient, uninterrupted heating and hot water to the residents. The Authority's maintenance department will be relieved of the constant calls for repairs and restoration of service to the residents. Ayoob & Peery Plumbing Co., Inc. will provide a two-year guarantee for materials and workmanship in compliance with Authority standards.

WHO BENEFITS

Public housing residents will benefit from improved living conditions with no interruptions in heating and hot water service. The energy efficiency of the new water heater system, and the reduction in maintenance calls will result in substantial operating savings to the Authority. The capital improvements will benefit the Authority's real property assets and add to the longevity of the structures. The project will also provide employment for public housing residents under the resident hiring requirements. By hiring residents, Ayoob & Peery Plumbing Co., Inc. is helping to create a pool of qualified residents for future work on similar Authority construction projects.

BUDGET CONSIDERATION

The Heating and Hot Water Boiler and Piping Replacement activity is funded in the Year 2003

Capital Fund Program budget. The low bid is twenty-nine (29) percent less than the independent cost estimate and budgeted amount. It is also five (5) percent less than the next lowest bid.

RESIDENT HIRING

Ayoob & Peery Plumbing Co., Inc. is committed to exceeding the 25 percent resident hiring goal on this job. The Contractor estimates that it will take about 800 hours to complete the project, of which a minimum 200 hours will be resident hire employment. The Contractor plans on hiring one resident for an administrative position.

MBE/WBE PARTICIPATION

Ayoob & Peery Plumbing Co., Inc. is not an MBE/WBE firm but has achieved 11.6 percent MBE/WBE participation with its listed subcontractors and suppliers. The Authority has determined that Ayoob & Peery has made the requisite good faith efforts to comply with the Authority's 20% MBE/WBE participation goal.

RECOMMENDATION

Staff recommends approval of this Resolution.

(Prepared by: Basil Nicolaou, Robert Dahlstrom and Barbara Smith)

RESOLUTION NO. 5193
ADOPTED 11/18/04

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH AYOOB & PEERY PLUMBING CO., INC. FOR BOILER, PUMP, AND PIPE REPLACEMENT WORK AT CAL 1-18(6), PING YUEN NORTH, IN AN AMOUNT NOT TO EXCEED $246,600

WHEREAS, The San Francisco Housing Authority publicly advertised Solicitation No. 04-620-IFB-026 for Boiler, Pump, and Pipe Replacement at CAL 1-18(6), Ping Yuen North; and

WHEREAS, Ayoob & Peery Plumbing Co., Inc. submitted the lowest responsive and responsible bid of $246,600 to provide for the Boiler, Pump, and Pipe Replacement work at CAL 1-18(6), Ping Yuen North; and

WHEREAS, these services are necessary to protect the health and welfare of residents; and

WHEREAS, funding is available through the HUD 2003 Capital Fund Program; and

WHEREAS, the procurement process for those actions covered by this resolution meet the procurement standards of 24 CFR 85.36 “Procurement”, HUD Handbook 7460.8 REV 1, “Procurement Handbook for Public Housing Agencies and Indian Housing Authorities”, the San Francisco Housing Authority Procurement Policy Manual and State of California and local laws; and

WHEREAS, all additional relevant documents submitted by the low bidder have been reviewed and found to be in order; and

WHEREAS, Ayoob & Peery Plumbing Co., Inc. will meet the Resident Hiring requirements.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSION OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO THAT:

1. The Executive Director is authorized to enter into a contract with Ayoob & Peery Plumbing Co., Inc. for Boiler, Pump, and Pipe Replacement work at CAL 1-18(6), Ping Yuen North, in an amount Not-To-Exceed $246,600.
2. This resolution shall take effect immediately.

APPROVED AS TO FORM AND LEGALITY: **REVIEWED BY:**

Donna Mart
DONNA MARTIN, General Counsel

Date: 11-10-04

GREGG FORTNER, Executive Director

Date: 11/12/2004

SAN FRANCISCO HOUSING AUTHORITY
440 TURK STREET • SAN FRANCISCO • CALIFORNIA • 94102 • (415) 554-1200

CERTIFICATE

I, George R. Brown, duly elected President of the Board of Commissioners of the Housing Authority of the City and County of San Francisco, do hereby certify that the following was adopted at the Regular Meeting of the Commission held on November 18, 2004:

RESOLUTION NO. 5193

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH AYOOB & PEERY PLUMBING CO., INC. FOR BOILER, PUMP, AND PIPE REPLACEMENT WORK AT CAL 1-18(6), PING YUEN NORTH, IN AN AMOUNT NOT TO EXCEED $246,600.00

Attached is a true and correct copy of the Resolution as adopted at the said meeting, on file and on record as adopted by the following vote of the Members:

FOR ADOPTION:
- George R. Brown
- Betty J. Smith
- Neola Gans
- Sululagi Palega, Sr.
- George Woodruff

AGAINST ADOPTION:

ABSENT (EXCUSED):
- Julie Lee
- Amos Brown

IN TESTIMONY, WHEREOF, I have hereto set my hand and seal of said Authority this date: December 9, 2004.

George R Brown

George R. Brown, President
SFHA Commission

B

SAN FRANCISCO HOUSING AUTHORITY
440 Turk Street ° San Francisco, CA 94102 ° Phone (415) 554-1200 ° Fax 554-1268

DATE November 18, 2004

TO: San Francisco Housing Authority Commission
George R. Brown, President
Betty J. Smith, Vice President
Sululagi Palega, Sr., Commissioner
Julie Lee, Commissioner
Neola Gans, Commissioner
Rev. Amos Brown, Commissioner

FROM: Gregg Fortner, Executive Director

SUBJECT: RESOLUTION APPROVING THE CERTIFICATION FOR THE PUBLIC HOUSING ASSESSMENT SYSTEM (PHAS) INDICATOR #3, MANAGEMENT OPERATIONS, FOR FISCAL YEAR 2004

OVERVIEW

It is requested that the San Francisco Housing Authority (SFHA) Board of Commissioners approve the resolution to execute Form HUD-50072, the Public Housing Assessment System (PHAS) annual certification.

As you can see from the attached PHAS scores, the SFHA has maintained a rating of "B" overall and a rating of "A" in most categories. The “F” in Unit Turnaround Time resulted from returning long standing vacant units back online and leasing them. While returning these units to "ready" status is detrimental to the overall PHAS score at this time, it is critical in providing as many units as possible to help address the growing need for safe, affordable housing in San Francisco and reducing the Authority's long wait list. The lower score in the Non-Emergency Work Order indicator is the result of the Authority’s focus to prepare vacant units for occupancy by utilizing existing maintenance craft.

TIMEFRAME

All public housing agencies with a fiscal year end of September 30 are required to submit the annual PHAS Management Operations Certification no later than November 30. In order for the submission to be considered complete, the Commission must approve the score by resolution.

OBJECTIVE

The objective of this resolution is to comply with the HUD regulation regarding the annual Management Operations assessment. Failure to do so could affect the timely payments of the operating subsidy and grant disbursements by HUD.

PRESENT SITUATION

For fiscal year 2004, the SFHA will submit a score of 81.5% for PHAS Indicator #3, Management Operations. This score is lower than the Authority's score for the previous year due to the change in the Non-Emergency Work Order. However, the Authority is still able to report a rating of Standard Performer.

ANTICIPATED OUTCOME

The anticipated outcome is that the SFHA will comply with the regulation and that the operating subsidies and grant disbursement will be released on time.

WHO BENEFITS

This resolution benefits the Authority by ensuring compliance with the HUD guidelines regarding submission of the annual Public Housing Assessment System report.

BUDGET CONSIDERATION

Failure to pass this resolution and approve the PHAS Management Operation Certification could result in the delay of operating subsidies and grant payments to the SFHA.

IMPLEMENTATION

Attached you will find a summary report of the SFHA's PHAS internal performance assessment score for fiscal year 2004. It describes the scores for the individual sub-indicators, which comprise the Management Operations Indicator #3.

RECOMMENDATION

Your approval of this Resolution authorizing the Executive Director to execute and transmit Form HUD-50072, the PHAS certification for fiscal year 2004, is requested.

San Francisco Housing Authority
FYE 2004 PHAS Score Card
Management Operations, Indicator No. 3

Evaluation Criteria (PHAS Indicator, if applicable)	Values	10-1-03 to 9-30-04	
		Letter Grade	PHAS Points
UNIT TURNAROUND TIME (Indicator 3:1), 4 Points			
a. Downtime	1.30		
b. Adjusted Make-Ready Time	145.40		
c. Lease-up Time	24.40		
AVERAGE UNIT TURNAROUND TIME	171.10	F	0.0
CAPITAL FUND (Indicator 3:2), 7 Points			
a. Unexpended funds	0	A	1.0
b. Timeliness of Obligation	0	A	2.0
c. Contract Administration	0	A	2.0
d. Quality of Physical Work	0	A	1.0
e. Budget Controls	0	A	2.0
WORK ORDERS (Indicator 3:3), 4 Points			
a. Emergency Work Orders (completed <= 24 hours)	100%	A	2.0
b. Non-Emergency Work Order (average no of days)	32.49	C	0.6
ANNUAL INSPECTION OF UNITS & SYSTEMS (3:4), 4 Points			
a. Inspection of Units	100%	A	2.0
b. Inspection of Systems	100%	A	2.0
SECURITY (Indicator 3:5), 4 Points (reallocated)			
a. Tracking/Reporting Crime			1.3
b. Screening Applicants	75	A	1.3
c. Lease Enforcement	21	A	1.3
d. Grant Program Goals	NA	NA	0.0
ECONOMIC SELF-SUFFICIENCY (Indicator 3:6), 7 Points			
Grant Program Goals	83.0%	B	6.0
INDICATOR No. 3 Total			
TOTAL POINTS FOR INDICATOR No. 3 (Max 30 points possible)	81.5%	B	24.5

RESOLUTION NO: 5194
DATE ADOPTED: 11/18/04

RESOLUTION APPROVING THE CERTIFICATION FOR THE PUBLIC HOUSING ASSESSMENT SYSTEM (PHAS) INDICATOR #3, MANAGEMENT OPERATIONS, FOR FISCAL YEAR 2004

WHEREAS, the San Francisco Housing Authority is designated by the U.S. Department of Housing and Urban Development as a "Standard Performer" agency; and

WHEREAS, the San Francisco Housing Authority performed an internal performance assessment in accordance with the PHAS rules, which reveals that the SFHA's management performance for fiscal year 2004 has been at a level qualifying as "Passing" agency; and

WHEREAS, the San Francisco Housing Authority is required to provide certification as to data on PHAS indicator #3, Management Operations, that include the following components: 1) Unit Turnaround Time, 2) Capital Funds, 3) Work Orders, 4) Annual Inspections of Units and Subsystems, 5) Security, and 6) Economic Self-Sufficiency.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSION OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO THAT:

1. The San Francisco Housing Authority approves the certification under the Public Housing Assessment System for performance indicator #3, Management Operations, that include the following components: 1) Unit Turnaround Time, 2) Capital Funds, 3) Work Orders, 4) Annual Inspections of Units and Subsystems, 5) Security, and 6) Economic Self-Sufficiency.
2. The Executive Director is authorized to execute the Public Housing Assessment System Program Certification, Form HUD-50072.
3. This resolution shall take effect immediately.

APPROVED AS TO FORM AND LEGALITY:

Donna Mart
Donna Martin, General Counsel

11/12/04
Date

REVIEWED BY:

Gregg Fortner, Executive Director

11/12/2004
Date

SAN FRANCISCO HOUSING AUTHORITY
440 TURK STREET • SAN FRANCISCO • CALIFORNIA • 94102 • (415) 554-1200

CERTIFICATE

I, George R. Brown, duly elected President of the Board of Commissioners of the Housing Authority of the City and County of San Francisco, do hereby certify that the following was adopted at the Regular Meeting of the Commission held on November 18, 2004:

RESOLUTION NO. 5194

RESOLUTION APPROVING THE CERTIFICATION FOR THE PUBLIC HOUSING ASSESSMENT SYSTEM (PHAS) INDICATOR #3, MANAGEMENT OPERATIONS, FOR FISCAL YEAR 2004

Attached is a true and correct copy of the Resolution as adopted at the said meeting, on file and on record as adopted by the following vote of the Members:

FOR ADOPTION:
George R. Brown
Betty J. Smith
Neola Gans
Sululagi Palega, Sr.
George Woodruff

AGAINST ADOPTION:

ABSENT (EXCUSED):
Julie Lee
Amos Brown

IN TESTIMONY, WHEREOF, I have hereto set my hand and seal of said Authority this date: December 9, 2004.

George R Brown

George R. Brown, President
SFHA Commission

C

SAN FRANCISCO HOUSING AUTHORITY

440 TURK STREET • SAN FRANCISCO, CALIFORNIA 94102 • (415) 554-1200

DATE: November 18, 2004

TO: SAN FRANCISCO HOUSING COMMISSIONERS

George R. Brown, President
Betty J. Smith, Vice President
Sululagi Palega, Sr., Commissioner
Julie Lee, Sr., Commissioner
Neola Gans, Commissioner
Rev. Amos Brown, Commissioner
Rev. George Woodruff, Commissioner

FROM: GREGG FORTNER, Secretary/Executive Director

SUBJECT: RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR AND THE PRESIDENT OF THE BOARD OF COMMISSIONERS TO SIGN THE SECTION 8 MANAGEMENT ASSESSMENT PROGRAM (SEMAP) CERTIFICATION

OVERVIEW

On September 10, 1998, the Department of Housing and Urban Development (HUD) published in the Federal Register the final rule establishing the Section 8 Management Assessment Program (SEMAP). On August 17, 2000, HUD issued PIH 2000-34 requiring the submission of SEMAP certification electronically.

SEMAP consists of 15 indicators with points assigned to each indicator for a total maximum 150 points. The indicators and their respective maximum points are as follows:

1. Selection from the Waiting List – 15 points
2. Reasonable Rent – 20 points
3. Determination of Adjusted Income – 20 points
4. Utility Allowance Schedule – 5 points
5. HQS Quality Control Inspections – 5 points

6. HQS Enforcement – 10 points
7. Expanding Housing Opportunities – 5 points
8. FMR Limit and Payment Standards – 5 points
9. Annual Reexaminations – 10 points
10. Correct Tenant Rent Calculations – 5 points
11. Precontract HQS Inspections – 5 points
12. Annual HQS Inspections – not rated
13. Lease-up – 20 points
14. Family Self Sufficiency Enrollment – 10 point

In addition, a bonus indicator, Deconcentration Bonus has a maximum of 5 points.

HUD has determined that Housing Authorities that score over 90% are High Performers, 60-89% are Standard Performers, or less than 60% are Troubled.

OBJECTIVE

The objective of this resolution is to authorize the Executive Director and the President of the Commission to sign the SEMAP Certification on behalf of the Housing Authority prior to the electronic submission to HUD.

PRESENT SITUATION

The San Francisco Housing Authority has completed the appropriate test of the Section 8 records and determined that the SFHA scoring for the fiscal year ended September 30, 2004, is 84% which ranks the Housing Authority as a Standard Performer.

ANITIPATED OUTCOME

HUD will classify the Section 8 Housing Department as a Standard Performer.

WHO BENEFITS

The San Francisco Housing Authority benefits by meeting the scheduled deadline for reporting to HUD.

BUDGET CONSIDERATIONS

There is no budgetary impact to the Section 8 Housing Department.

POLICY IMPLEMENTATION

The signed SEMAP Certification will be on file to support the electronic submission to HUD.

RECOMMENDATION

We recommend that the Board approve the resolution authorizing the Executive Director and the President of the Commission to sign the Section 8 Management Assessment Program (SEMAP) Certification on behalf of the San Francisco Housing Authority.

Prepared by Tony Ucciferri, 715-3283

RESOLUTION No. 5195
DATE ADOPTED: 11/18/04

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR AND THE PRESIDENT OF THE BOARD OF COMMISSIONERS TO SIGN THE SECTION 8 MANAGEMENT ASSESSMENT PROGRAM (SEMAP) CERTIFICATION

WHEREAS, the U.S. Department of Housing and Urban Development (HUD) on September 10, 1998 issued a notice in the Federal Register establishing the Section 8 Management Assessment Program (SEMAP), as set forth in 24 CFR 985, to objectively measure public housing agency performance in key Section 8 tenant-based assistance program areas; and

WHEREAS, HUD on August 17, 2000, issued notice PIH 2000-34 requiring submission of SEMAP certification electronically; and

WHEREAS, the San Francisco Housing Authority (SFHA) has completed the reviews to determine the SFHA scoring for the 15 indicators of SEMAP reporting for the fiscal year ended September 30, 2004; and

WHEREAS, the SFHA has determined that the scoring for the fiscal year ended September 30, 2004 is 113 points or a 84% scoring establishing the SFHA as a Standard Performer; and

WHEREAS, HUD requires that the Section 8 Management Assessment Program (SEMAP) Certification be signed by the Executive Director and the President of the Board of Commissioners prior to the electronic submission to HUD; and

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSION OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO THAT:

1. The Executive Director and the President of the Board of Commissioners is hereby authorized to sign the Section 8 Management Assessment Program (SEMAP) Certification to HUD in accordance with 24 CFR 985.

2. This resolution becomes effective immediately.

APPROVED AS TO FORM AND LEGALITY:

Donna Martin
General Counsel

11/12/04
Date

REVIEWED BY

Gregg Fortner
Executive Director

11/12/2004
Date

San Francisco Housing Authority
Section 8 Housing Department
Performance Targets SEMAP Indicators at 9-30-04

	Indicator	*Maximum*	*9/30/2004*
1	**Selection from the Waiting List** Written admission policies in the administrative plan and these policies followed when selecting applicants for admission from the waiting list.	15	15
2	**Reasonable Rent** Written methodology to determine rent is reasonable based on current rent for comparable unassisted units and documented at time of initial leasing.	20	20
3	**Determination of Adjusted Income** At admission and reexamination, HA verifies and correctly determines adjusted gross income, including appropriate utility allowances in determining gross rent	20	15
4	**Utilitiy Allowance Schedule** Utility rate data reviewed within the last 12 months and adjusted if there was a change of 10% or more	5	5
5	**HQS Quality Control Inspections** Random sample reinspection done for at least 5% of completed HQS inspections reprenting a cross section of neighborhoods and inspectors	5	5
6	**HQS Enforcement** Unit passes HQS or life threatening cited deficiencies are corrected within 24 hrs and all other HQS deficiencies are corrected within 30 days	10	10
7	**Expanding Housing Opportunites** Adopted and implemented a written policy to encourage participation by owners of units ourside areas of poverty or minority concentration and infoms certificate & voucher holders of a full range of areas where they may lease, both inside and outside HA jusidiction and supplies a list of those willing to lease units or find units	5	5
8	**Fair Market Rent Limit and Payment Standard** For the the new voucher program, the rents by unit size do not exceed the revised FMR/Payment Standard which was established in December 1999	5	5
9	**Annual Reexaminations** Reexamination for each family at least once every 12 months	10	0
10	**Correct Tenant Rent Calculations** Correct calculaiton of 98% of tenant rent for certificate/family share of rent to owner in voucher program	5	5
11	**Pre-contract HQS inspections** Each newly unit leased passed HQS inspection before beginning date of lease	5	5
12	**Annual HQS Inspections** Each unit under contract is inspected at least annually and 98% are on time or less than 2 months late	not rated	not rated
13	**Lease-up** Successful contracts for 98 % of units under budget for at least one year	20	20
14	**Family Self-sufficiency Enrollment and Escrow Accounts** Families enrolled to fill 80% of FSS slots in FSS program	10	3
	Total Points Before Bonus	135	113
	Percentage		84%
15	**Deconcentration Bonus** 50% or more families with children live in low poverty areas	5	0

Note: High Performer=at least 90% or 131 points, Standard Performer=60-89% or 87-130 points, Troubled=below 60%

SEMAP INDICATOR 1

Selection from the Waiting List
9-30-04

The indicator measures whether the Housing Authority has written policies in its administrative plan for selecting applicants from the waiting list and follows these policies when selecting applicants for admission.

This indicator scores 15 points for compliance, or scores 0 for non-compliance.

The key elements to test for this indicator are:

- Are there written policies in the administrative plan for selecting applicants from the waiting list
- Based on random selected samples, 98% selected from the waiting list are selected in accordance with policies, including the applicants met selection criteria that determined their place on the waiting list and their order of selection

The SFHA has an Administrative Plan that is current and has been approved by the SFHA commission. Included in this Administrative Plan are the criteria for applicant selection. The test to validate the SFHA adherence to the plan is included in the random sample of client files test. There were no exceptions noted in the test, which included new clients for the programs off the new waiting list.

The SFHA scores 15 points for this indicator.

SEMAP INDICATOR 2

Reasonable Rent
9-30-04

The Housing Authority must document for units leased that the rent to the owner is reasonable based on current rents for comparable unassisted units

This indicator scores 20 points for 98% compliance, 15 points for 80-96% compliance, or 0 points for less than 80% compliance.

The key elements to test for this indicator are:

- Review of the reasonable and written method to determine and document comparable to unassisted units at the time of leasing, if there is any increase in rent to the owner, at the HAP contract anniversary if there is a 5% decrease in the published FMR.
- The comparable calculation must consider location, size, type, quality, age, amenities, housing services, maintenance, and utilities.
- The SFHA has a reasonable written method to determine reasonable rent which considers these factors.
- Based on random selected samples, 98% selected met determination at the time of initial leasing.

The SFHA has adopted a procedure where comparable rents are obtained using a local company, Metro Rents, which maintains a web site of units around the city. The documentation is printed and included in the tenant file to support the reasonable rent determination. The test to validate the SFHA adherence to the plan is included in the random sample of client files test and resulted in no deficiencies.

The SFHA scores 20 points for this indicator

SEMAP INDICATOR 3

Determination of Adjusted Income
9-30-04

The indicator measures whether at the time of admission or annual reexamination, the Housing Authority verifies and correctly determines adjusted annual income for each assisted family and, where the family is responsible for the utilities under the lease, the Housing Authority uses the appropriate utility allowance for the unit leased in determining the gross rent.

This indicator scores 20 points for 90% compliance, 15 points for 80-89% compliance, or 0 points for less than 80% compliance.

The key elements to test for this indicator are:

- Does the HA obtain 3rd party verifications of adjusted income, assets totaling $5000 or more, expenses related to deductions from annual income, and other factors that affect adjusted income.
- Where family is responsible for utilities, are the appropriate allowances used.
- Are allowances used in the calculations of rent for medical, child care, and disability assistance expenses.

The SFHA has procedure in place to include all the appropriate deductions from the rent calculation. The rent calculation is tested during the quality control by the Supervisor. The test to validate the SFHA adherence to the plan is included in the random sample of client files test and did not disclose any discrepancies.

The SFHA scores 20 points for this indicator.

SEMAP INDICATOR 4

Utility Allowance Schedule
9-30-04

The Housing Authority is to maintain an up-to-date utility allowance schedule.

This indicator scores 5 points for compliance, 0 points for non-compliance.

The key elements to test for this indicator are:

- Is an up-to-date utility allowance schedule maintained
- Was the utility allowance schedule reviewed within the past 12 months and revised if a utility rate has a change of 10% or more

The SFHA utility allowance schedule was reviewed during 2003-04 and with the assistance of Heschong Mahone Group, Inc., consultants in energy and buildings, a revised allowance was established. The revised allowance schedule now provides allowance schedules which are distinct for dwellings and for apartment buildings. The revised schedules were effective 9-30-04

The SFHA scores 5 points for this indicator.

SEMAP INDICATOR 5

HQS Quality Control Inspections
9-30-04

A Housing Authority Supervisor must re-inspect a sample of units during the HA fiscal year of at least 5% of the number of units under HAP during the last compete fiscal year for quality control of HQS inspections. The sample is to be drawn to represent a cross section of neighborhoods and the work of a cross section of inspectors.

This indicator scores 5 points for compliance or 0 points for non-compliance.

The key elements to test for this indicator are:

- The Ha must meet the compliance test for quality control reinspections.
- The quality control reinspection must be for units inspected in the prior 3 months at the time of reinspection.

The SFHA has a procedure where at least 5% of the units are randomly selected and reinspected on an ongoing basis.

The reinspections include those where the original inspection was in the month of September, 2004 with the reinspection completed during October, 2004. The re-inspections are completed by a senior inspector. The re-inspections resulted in a 95% agreement with the original inspection.

The SFHA scores 5 points for this indicator

SEMAP INDICATOR 6

HQS Enforcement
9-30-04

This indicator shows whether, following each HQS inspection of a unit under contract where the unit fails to meet HQS, any cited life threatening HQS deficiencies are corrected within 24 hours from the inspection and all other cited HQS deficiencies are corrected within no more than 30 calendar days from the inspection or any Housing Authority approved extension.

This indicator scores 10 points where all life threatening fails are corrected within 24 hours and 98% of other fails corrected within 30 days or an approved HA extension or 0 points where the correction time is longer.

The key elements to test for this indicator are:

- Did the HA take action where the fails were not corrected within the allowable time by abating the HAP for owner fails that went uncorrected or enforced the family obligations for family fails.
- Were the actions taken for fails in the first month following the correction period.

The SFHA continues to follow up on fails and takes the appropriate action in situations where correction extends beyond the prescribed time or the approved extension. Tests of files supports the follow up and other appropriate action.

The SFHA scores 10 points for this indicator.

SEMAP INDICATOR 7

Expanding Housing Opportunities
9-30-04

This indicator shows whether the Housing Authority has adopted and implemented a written policy to encourage participation of owners of units and has procedures to assist program participants in locating housing.

This indicator scores 5 points for implementation of the required procedures or 0 points where not all the procedures are implemented.

The key elements to test for this indicator are:

- The HA has a written policy in the administrative plan which includes the actions the HA will take to encourage participation by owners of units located outside areas of poverty or minority concentration
- The HA written policy clearly delineates areas in its jurisdiction that the HA considers areas of poverty or minority concentration.
- Documentation shows that the HA has taken action indicated in its policy to encourage owners of units located outside the areas of poverty or minority concentration.
- The HA has prepared maps that show various areas with housing opportunities outside areas of poverty or minority concentration and this information is used during the briefings for those entering the program.
- The HA's information packet for rental voucher and certificate holders contains either a list of owners who are willing to least under the program or a list of organizations that will help families find units.
- The HA's information packet explains how portability works including information about neighboring housing authorities.
- Where there has been difficulty finding housing outside the areas of poverty and minority concentration, has the HA analyzed whether it is appropriate to seek approval from HUD for exception rents.

The SFHA continues the landlord advisory committee specifically to encourage landlords throughout the city to participate in the programs. In addition, in the past, the SFHA has developed a seminar for landlords to explain the program and to encourage participation. Further, the SFHA management staff continues to work with the SF Board of Supervisors supporting legislation designed to assist low-income tenants. Unfortunately, recent decreases in the FMR's have limited the areas where prospective tenants are able to search for housing. The SFHA is pursuing exception FMRs to address these recent reductions so they do not limit a family's ability to find housing mainly to areas of high poverty.

The SFHA scores 5 points for this indicator.

SEMAP INDICATOR 8

FMR Limit and Payment Standard
9-30-04

This indicator tests whether at least 98% of the units newly leased under regular tenancy have initial gross rents at or below the applicable FMR or approved exception rent limits, and for vouchers, that the payment standard is within 80-100% of the FMR/exception rent limit.

This indicator scores 5 points for compliance or 0 points where there is not compliance.

The key elements to test for this indicator are:

- The HA SEMAP certification form and MTCS reports show newly leased compared to the FMR.
- Excluding OFTO, at least 98% of the units newly leased under the certificate program have gross rents at or below the applicable FMR or exception rent.
- The HA's current rental voucher program payment standards do not exceed the FMR or exception rent and not less than 80% of the payment standard.

The SFHA statistical report show that the rents are within the criteria established by the indicator.

The SFHA scores 5 points for this indicator.

SEMAP INDICATOR 9

Annual Reexaminations
9-30-04

This indicator tests whether the Housing Authority has completed reexaminations of each participating family at least every 12 months, and that re-exams are not more than two months over due.

This indicator scores 10 points where less than 5% are late, 5 points where 5-10% are late, or 0 points where more than 10% are late.

The key elements to test for this indicator are:

- The HA files for the tenant must support the annual reexamination and the MTCS must be updated by updating the 50058.

Audit tests and the supervisory quality control tests support that the SFHA is behind schedule in completing annual certifications. During the past year, staff was focused on identifying and correcting MTCS errors. This, coupled with a concerted effort over the course of eighteen months from February 2002 to August of 2003 to lease up all available vouchers, unfortunately, has had a correlated effect on the Section 8 Department's ability to complete annual reexaminations in a timely manner. A plan is in place to correct this. While this is a temporary condition, it has occurred at the end of the fiscal year and SEMAP reporting time.

The SFHA scores 0 points for this indicator.

SEMAP INDICATOR 10

Correct Tenant Rent Calculations
9-30-04

This indicator tests whether the Housing Authority correctly calculates the family's share of rent to the owner for tenant and project-based voucher participants.

This indicator scores 5 points where less than 2% of the tenants have rent discrepancies or 0 points where there are more than 2% discrepancies.

The key elements to test for this indicator are:

- The HA files for the tenant must be submitted to the MTCS.
- The MTCS statistics must not reflect more than 2% errors.

Audit tests and the supervisory quality control tests support that the SFHA error rate for tenant rent is less than 2%. The test work is included in the random sample of client files test to validate that the SFHA is meeting the criteria for this indicator. In fact, the test did not disclose any errors in rent calculation.

The SFHA scores 5 points for this indicator.

SEMAP INDICATOR 11

Pre-contract HQS Inspections
9-30-04

This indicator tests whether the Housing Authority is not allowing units to be on the program until they have passed HQS inspections.

This indicator scores 5 points where at least 98% of new units have passed HQS prior to the lease effective date or 0 points where less than 98% have passed prior to the lease effective date.

The key elements to test for this indicator are:

- The HA must inspect and the units must pass HQS prior to the lease date.

Audit tests and the supervisory quality control tests support that the SFHA does not put units on lease until HQS inspections have been made and the units have passed. The test work is included in the random sample of client files test to validate that the SFHA is meeting the criteria for this indicator. Review of PIC data, however, has just disclosed some errors in reporting that need to be corrected in the system. The errors in the system do not negatively impact the scoring since the tenant files document that office procedure is correct.

The SFHA scores 5 points for this indicator.

SEMAP INDICATOR 12

Annual HQS Inspections
9-30-04

This indicator tests whether the Housing Authority is inspecting every unit under contract at least every 12 months.

This indicator scores10 points where less than 5% of the inspections are late, 5 points where 5-10% are late, or 0 points where more than 10% are late.

The key elements to test for this indicator are:

- The HA must inspect every unit each 12 months.

Audit tests and the supervisory quality control tests support that the SFHA meets the less than 5% test. New controls and new reports have been developed that provide critical information to assure that all inspections and reinspections are completed timely. The test work is included in the random sample of client files test to validate that the SFHA is meeting the criteria for this indicator.

The SFHA would score 10 points for this indicator, however, HUD has not concluded whether their system is correctly accumulating the statistics for this SEMAP indicator. HUD is not rating this indicator for this SEMAP reporting year.

SEMAP INDICATOR 13

Lease Up
9-30-04

This indicator tests the level of lease up for the Housing Authority during the past 12 months.

This indicator scores 20 points where the Housing Authority has 98% of the budgeted units leased, 15 points where 95-97% are leased, or 0 points where less than 95% are leased.

The key elements to test for this indicator are:

- The HA unit months divided by 12 is the average number that must be leased during the past 12 months.

The statistics for the SFHA show that the current lease up is approaching 100%. During this fiscal year, a concentrated effort was made to maintain the lease up rate near 100%. Units have been left off line to meet on-going PBV commitments.

The SFHA scores 20 points for this indicator.

SEMAP INDICATOR 14

Family Self Sufficiency and Escrow Accounts
9-30-04

This indicator shows whether the Housing Authority has enrolled participants as required and the success of the program.

This indicator scores 10 points where the Housing Authority has 80% or more of the FSS slots filled, 3 points where 60-79% are filled, or 0 points where less than 60% are filled.

The key elements to test for this indicator are:

- The HA must have the percentage of slots filled in the FSS program.

The statistics for the SFHA show that 75% of the slots have been filled. In fact, the slots are 309 with 1 graduate, which brings the slot requirement down to 308. Currently there are 228 slots filled so the SF exceeds the minimum requirement. The percentage is 74% filled. Further, 77 of these participants have escrow accounts.

The PIC system at HUD has not accepted the data input for many of the tenants participating in the FSS program. This problem is not unique to the SFHA and scoring is requested for this indicator.

The SFHA scores 3 points for this indicator.

SEMAP BONUS INDICATOR

Deconcentration Bonus
9-30-04

This indicator shows whether the Housing Authority tenants with children have moved from areas of poverty to areas of low poverty has enrolled participants as required and the success of the program.

This indicator scores 5 points where the Housing Authority has met the criteria for deconcentration or 0 points where the criteria has not been met.

The key elements to test for this indicator are:

- The Housing Authority must certify appropriate data to support the accomplishments in deconcentration.

The statistics for the SFHA do not support that more than 50% of the tenants with children have relocated to areas of low poverty. With the current FMR's that have been approved by HUD, the opportunities for new participants on the program to seek housing in areas outside of low poverty areas has not been greatly enhanced.

The SFHA scores 0 points for this bonus indicator.

SAN FRANCISCO HOUSING AUTHORITY
440 TURK STREET • SAN FRANCISCO • CALIFORNIA • 94102 • (415) 554-1200

CERTIFICATE

I, George R. Brown, duly elected President of the Board of Commissioners of the Housing Authority of the City and County of San Francisco, do hereby certify that the following was adopted at the Regular Meeting of the Commission held on November 18, 2004:

RESOLUTION NO. 5195

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR AND THE PRESIDENT OF THE BOARD OF COMMISSIONERS TO SIGN THE SECTION 8 MANAGEMENT ASSESSMENT PROGRAM (SEMAP) CERTIFICATION

Attached is a true and correct copy of the Resolution as adopted at the said meeting, on file and on record as adopted by the following vote of the Members:

FOR ADOPTION:	**AGAINST ADOPTION:**
George R. Brown Betty J. Smith Neola Gans Sululagi Palega, Sr. George Woodruff	

ABSENT (EXCUSED):

Julie Lee
Amos Brown

IN TESTIMONY, WHEREOF, I have hereto set my hand and seal of said Authority this date: December 9, 2004.

George R Brown

George R. Brown, President
SFHA Commission

HOUSING AUTHORITY
OF THE
CITY AND COUNTY OF SAN FRANCISCO

Minutes of Regular Meeting
Thursday, November 18, 2004

440 Turk Street
San Francisco, California

The Housing Authority of the City and County of San Francisco met in a regularly scheduled meeting at 440 Turk Street, San Francisco, California on Thursday, November 18, 2004, at 4:00 p.m.

President Brown called the meeting to order at 4:16 p.m.

1. ROLL CALL

Roll call found the following members to be:

PRESENT:	*George R. Brown, President* *Betty J. Smith, Vice President* *Sululagi Palega Sr., Commissioner* *Neola Gans, Commissioner* *Rev. George Woodruff*
ABSENT:	*Julie Lee, Commissioner* *Rev. Amos Brown, Commissioner*

A quorum was present.

ALSO PRESENT:	*Mr. Gregg Fortner, Executive Director* *Ms. Donna Martin, Agency Counsel*

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SEATING OF NEW COMMISSIONER: REV. GEORGE WOODRUFF

President Brown announced the new Commissioner on the board, Rev. George Woodruff. Vice President Smith welcomed Commissioner Woodruff back to the board.

2. APPROVAL OF AGENDA

Commissioner Smith moved to approve the agenda. Commissioner Gans seconded the motion. The motion to approve the agenda was unanimously passed.

3. APPROVAL OF MINUTES

Commissioner Gans moved to approve the minutes. Commissioner Smith seconded the motion. The motion to approve the minutes was unanimously passed.

4. GENERAL COMMUNICATIONS

Executive Director, Gregg Fortner stated that the first items in the Commissioners' folders were the Commission Request Log and the Shooting Incident Report. After these two reports was a memorandum regarding the SFHA's workshop for potential contractors held on November 17, 2004. Mr. Fortner stated that it was a good and successful event. Last was the legal report of all pending claims against the SFHA.

President Brown commented that it seemed that since the community policing had been initiated, crime had leveled off in the Big Four developments. President Brown said that he had noticed that there were not many fatalities in the report. Mr. Fortner responded that at the beginning of the year, San Francisco experienced a spike in fatalities in and around SFHA developments, although none were documented SFHA residents. Mr. Fortner said that he hoped the trend continued and the report would become unnecessary.

Vice President Smith asked Mr. Fortner if the SFHA anticipated adding Alemany and changing the Big Four to the Big Five developments. Mr. Fortner replied that the SFHA had been in communication with the Ingleside Station to have more attention on Alemany. The SFPD is paid $1 million a year by the SFHA and has an option to re-deploy the officers to the areas most in need. The high crime and homicide rate in the Big Four necessitated the police focus in those areas. If there is a spike in violence or the private security at the Alemany development becomes insufficient, the SFHA would consider having the SFPD reinforce the security.

5. REPORT OF SECRETARY

Mr. Fortner introduced David Esparza, Administrator of Finance to review the completed fixed asset assessment. The assessment was performed as requested by the Commission to remove the finding on the independent audit report. Mr. Esparza stated that the report the Commission had received the day prior was a copy from CBIZ, the consultant retained by the SFHA four months ago to go through the warehouses and SFHA properties to assess the assets. Mr. Esparza said that a few questions came up at the Finance Committee meeting and he wanted to take the time to address those concerns and the peculiarities of the report. On page seven of the report, under results, the net book value of SFHA properties was listed at $39,840,147.00 and many of those present at the Finance Committee meeting were dismayed at the value of the property being lower than expected. Mr. Esparza explained that the purpose of the report and the exercise CBIZ undertook was to establish the depreciated value of the SFHA's assets. Mr. Esparza brought everyone's attention to the line graph displayed on the wall. The red line on the chart showed the depreciation of a building over 40 years, which is the customary period of time for the depreciation of buildings and structures. The subsequent chart showed the depreciation of a car over five years, which loses its value much faster than a building. Mr. Esparza stated that the depreciation rate is not the market rate that the building could be sold for. The black line in the chart regarding the value of a building, exemplified the appreciated value of the property over a 40-year period. In the example, the building was valued at $500,000 and at the end of 40 years it was valued at 0. However, the appreciated value of the building, over the same period, using an average of 6.25%, is $6.1 million. Mr. Esparza explained that the same concept applies to the value of the car. Over five years the car depreciates to a value of 0, but the market value declines to 0 after about the seventh year because there is some residual value after the car is paid off. Mr. Esparza then brought the Commission's attention to a table in the report. In the middle column of the table, under current replacement costs, the value of the SFHA properties was listed and totaled $386,154,001.00. Mr. Esparza added that this was a conservative amount used to establish a baseline. He said that he didn't want the Commission to read the report and think that the SFHA had lost 80-85% of its buildings' value when in fact the depreciated value of SFHA properties and equipment is what is listed. The evaluation included the buildings, structures, land and equipment. The equipment had now been established in a uniformed manner, whereas previously, documents and labels on the equipment had been lost. CBIZ produced another inventory and the SFHA is current as of the close of FY2004. The threshold for equipment was set at $2,000.00 and in an effort to closely monitor computer equipment and software, the threshold for those items was set at $200.00. CBIZ had performed a comprehensive study that allowed the SFHA to remove the qualification from the annual audit report, establish a baseline for the assets of the agency, and a method to continually track the assets.

Commissioner Woodruff asked what was depreciation expense. Mr. Esparza defined it as the amount taken out of the property every year and referred back to the explanation about the depreciating value of the car to illuminate his point.

Commissioner Palega asked if the $386 million was the combined value of all the SFHA properties. Mr. Esparza answered yes. Commissioner Palega asked if the report included a breakdown of which properties were more desirable than others in regards to views and location. Mr. Esparza explained that the value was based on the replacement cost, not the appreciated value. On the open market, some properties would be worth more than others, but the purpose of the report was to establish the value of the SFHA's fixed assets and a baseline of the replacement cost to the insurance company. The assessment did not consider the value of particular views or amenities. Mr. Fortner added that the replacement cost of Sunnydale was valued at $42 million when Sunnydale is twice as large as North Beach and North Beach would cost $100 million to replace. The report did not take into account the land value, which is very hard to assess. Only replacement costs were considered in order for the insurance company to provide an accurate quote. Assessing the value of the land was never the purpose of the evaluation. Mr. Esparza stated that land does not depreciate. It only appreciates. However, in establishing the base, the original cost is used and the value of the land is not considered.

President Brown asked if the replacement cost would increase every year. Mr. Esparza answered yes based on the market and the price of labor and materials. President Brown asked if the Commission would now receive an annual report from CBIZ since the base had been established. Mr. Fortner replied that the report was generated because of a finding in the SFHA fixed asset assessment. Not only are the buildings included in the assessment but so are the trucks, cars and equipment. Mr. Fortner said that not too much emphasis should be placed on the SFHA's property being valued at $386 million because it is much more than that. Hayes Valley cost $40 million to rebuild by itself. The number CBIZ came up with was a guess. Mr. Esparza added that changes in the codes and the cost of labor and materials would be considered in future years as part of the replacement costs. The insurers of SFHA property would be responsible for assessing future replacement costs and not the accountants of the Finance Department. The accountants would be responsible for maintaining the database.

Commissioner Palega asked if North Beach was included in the assessment. Mr. Esparza answered no and that none of the HOPE VI projects were included because they had not been passed over to the SFHA's ownership yet. When ownership is passed to the SFHA of those properties, their value would be added to the total.

President Brown asked about the audit finding being removed. Mr. Esparza responded that this was one of the conditions of the contract and CBIZ had been in conversation with the auditing firm. The auditors reviewed the report during CBIZ's draft presentation to the agency and are satisfied with their findings. The auditors have indicated that this assessment would be sufficient to remove the qualification from the SFHA audit.

Vice President Smith asked why the net book value of Rosa Parks significantly declines from $20 million to $1 million in current replacement costs. Mr. Esparza explained that HUD requires housing authorities to operate like an enterprise or private business. As a private business, the SFHA would depreciate its assets on an annual basis and take the tax write-off. Under the HUD regulations of GAP and Gatsby 34, the SFHA is required to present its financial statements in the same manner a private business would. Mr. Esparza said that the SFHA would not experience a tax break, but must still go through this exercise. Mr. Esparza also pointed out that because the assessment included vehicles, the SFHA now had a very good idea of the value of all its vehicles. Now, reasonable judgment could be used to determine whether the cost of maintaining the vehicle costs more than what the vehicle is worth. Mr. Fortner asked why some properties do not have a depreciation expense. Mr. Esparza answered that those properties would have been fully depreciated by now. Depreciation could be built back up as modifications or significant rehabilitation is made to the property.

In continuing with the Report of the Secretary, Mr. Fortner welcomed Commissioner Woodruff back. Mr. Fortner stated that Commissioner Woodruff was sworn in a few days prior and was by far the most popular Commissioner at the ceremony filling up the balcony of City Hall.

Mr. Fortner stated that the Commission should have received a brief history of the RFQ schedule and activities, the RFQ document released to the public, and the associated

Commission minutes discussing the RFQ process. Mr. Fortner suggested that the chair might want to set up an ad hoc committee to monitor development and the RFQ. This would allow a more concentrated discussion that could be reported back to the full Commission. Mr. Fortner stated that the Mayor's Office had spoke of a local HOPE VI and would probably want to add to any discussions of new development in the city. President Brown asked if it would be appropriate to hold a closed session to determine which Commissioners would be interested in participating in this ad hoc committee. Mr. Fortner responded that certain aspects of the RFQ process would be appropriate for a closed session such as the names of companies that responded to the RFQ. The discussions of the general plans for the RFQ would probably be better in a public forum. President Brown contended that he did not see why both couldn't be held in a closed session and public forum. Mr. Fortner stated that the Commission would be provided with a legal opinion of what could be discussed in closed session and what had to be brought before the public.

Mr. Fortner reminded the Commission that on the following night, November 19, 2004, the retirement party for Jim Williams and Larry Andrews would be held at the Franciscan Restaurant on Fisherman's Wharf. Mr. Fortner stated that the two have a combined 50 years of service to the agency and the SFHA would like to send them off with style. Mr. Andrews wouldn't be available in December because he would be in Spain for 2 or 3 months, and Mr. Williams would probably be on a senior golf tour.

Next, Mr. Fortner stated that he would give the Commission written documents concerning the SFHA's relationship with HUD and the strategies and dilemmas the SFHA would face in the future about status, budget, and fair market rent. Some of the strategies have legal components and should be discussed in a closed session. Therefore, at the next Commission meeting a closed session would be held to discuss the dynamics at hand.

Finally, Mr. Fortner discussed the Contractor's Workshop held on November 17, 2004. Under the direction of Rene Latosa and the Procurement Department, the SFHA held the workshop, "Doing Business with the San Francisco Housing Authority." The memorandum described the outreach performed. Mr. Fortner considered the workshop fairly successful with 46 different firms attending to learn the procurement process and how to bid on work. The memorandum also detailed the ethnicities of those in attendance. Mr. Fortner said that the event was so successful that they would probably hold the workshop every four to 6 months so that as new businesses emerge, they could be orientated as to how to do business with the SFHA. The Public Utilities Commission also had a representative present in an effort to replicate the workshop for their agency. Mr. Fortner commended the Procurement staff for a job well done and a successful event.

Commissioner Palega asked if the Commission decided to open the solicitation again, what would the time frame be. Mr. Fortner answered that they couldn't arbitrarily provide a time frame because it is not known when it would start, end, or if there would be a need to go out for bids again. The RFQ went out for ideas and if another one was released for the same thing, it is not known what effect that would have on those who currently submitted ideas and there are legal consequences of doing so. Mr. Fortner said that the time frame would be a part of the discussion if the RFQ was released again and reminded the Commission that there is no money associated with the RFQ. Commissioner Palega asked if there was an RFP associated with the RFQ. Mr. Fortner answered no and explained that this was a request for qualifications for developers who had the ability to do work on SFHA property. Properties that were high risk and were problems for the expenses of the Modernization Department were put out there. This was a request for qualifications for developers that could perform the work and not for a specific site.

President Brown stated that he noticed that the minutes pertaining to the RFQ date back as far as October 9, 2003, and at the last meeting it was suggested that the Commissioners should have remembered it. President Brown thanked Mr. Fortner for providing the information so that the Commissioners could refresh their memories on what happened in 2003.

Commissioner Gans said that she remembered because a developer came out to Alemany to examine the property.

6. COMMITTEE REPORTS

Diversity Committee
No report.

Finance Committee
President Brown reported that the Finance Committee met on November 9, 2004, and reviewed the ending report for FY2004. The report was very positive, and even with the cutbacks from HUD, staff was able to come up with a surplus of about $130,000.00. Mr. Fortner added that the SFHA was under budget for the third year in a row.

Personnel Committee
No report. Vice President Smith suggested removing the Personnel Committee from the agenda because no one serves on it. Mr. Fortner responded that the bylaws state that there must be a Finance, Diversity, and Personnel Committee. The bylaws would have to be changed to remove the Personnel Committee. The chair has the authority to appoint ad hoc committees whenever the need arises, but the three standing committees must remain unless the bylaws are changed. Commissioner Palega stated that there is a Personnel Committee and Commissioner Lee was the chair, but they just hadn't been able to get a meeting together. Commissioner Palega said that he and Commissioner Clark were members. Mr. Fortner added that if he wasn't mistaken, the Personnel Committee was established to oversee the development of the executive director's contract. Also, there were personnel rules that needed to be modified in the late 1990's and the

committee met extensively during that time. Since then, the work for the Personnel Committee had dwindled.

7. REPORT OF AGENCY COUNSEL

Agency Counsel Donna Martin stated that there was nothing to report and no closed session.

8. TENANT REPRESENTATIVE REPORT

City Wide Council - Senior/Disabled

William Vitalie, President of the City Wide Council – Senior/Disabled reminded the Commission of their Volunteer Recognition Luncheon on December 14, 2004, and to R.S.V.P. as soon as possible. Mr. Vitalie thanked Mr. Fortner and staff for appearing that the council's last general meeting. It was very informative.

Public Housing Tenants Association (PHTA)

Kimberly Brown, President of the PHTA stated that she attended a meeting at the Potrero Hill Neighborhood House on November 4, 2004, where MOCD was present to announce new RFPs for the community and provide updates on the Project Connect visit in the same community. MOCD had collected data on many public housing properties and the information would be available on the MOCD website. MOCD Project Connect would be visiting Alice Griffith on December 1, 2004, at 5:30p.m. Ms. Brown stated that she had talked to the president of the Hunter's View Tenant's Association, Tessie Esther, about the work they've been doing with the power plant about contamination and the clean-up work the residents would like to happen. Ms. Brown announced that the Salvation Army started giving out applications for their toy give-away program on November 15, 2004. The Salvation Army would also be giving away boxes of food. Ms. Brown encouraged everyone to tell anyone that they knew would need those services. Glide Memorial Church would also host a food give-away on November 17, 2004, and a toy give-away on December 23, 2004, 10:00a.m – 11:00a.m. Ms. Brown stated that Glide operates on a first come – first served basis. The Fire Department had started passing out applications for their toy give-away as well. The Office of Fair Housing and Resident Relations receives approximately 20-35 employment leads on a weekly basis. These announcements are forwarded to the property offices. Should residents take interest in an announced opportunity, they should go to 1006 Webster to obtain a referral. Ms. Brown stated that she was also working with the Mayor on the Homeless Project Connect. In October, the homeless in the Tenderloin and Market area were surveyed and a follow-up meeting was held on November 10, 2004, to determine what was learned and what could be improved. Many community-based organizations in the city government were participating. Ms. Brown said that this was very exciting for her. In December, they would be going out to a different part of the city, but this time would canvass the area to let the homeless know that the resources would be coming to their area soon. Health and housing were some of the services to be provided.

Mr. Fortner added that there are also job opportunities with the San Francisco Police Department and encouraged the Commission to inform any residents they thought might be interested.

Commissioner Smith commended Ms. Brown for the job she was doing and asked everyone to give her a round of applause. Ms. Brown said thank you and also added that their office is now fully functional and at the next meeting she would provide the phone numbers.

9. PUBLIC COMMENTS ON AGENDA ITEMS: LIMITED TO 2 MINUTES

NOTE: *The public will have the opportunity to comment on agenda items prior to any action taken by the Commission pursuant to the San Francisco Housing Authority Rules Governing Public Testimony adopted 2/23/95 as Resolution No. 4423. Prior to adjournment, after Item No. 11, the public will have the opportunity to comment on items not on the agenda.*

There were no public comments on agenda items.

10. UNFINISHED BUSINESS – None

11. NEW BUSINESS

Resolution No. 5193

(A) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH AYOOB & PERRY PLUMBING CO., INC. FOR BOILER, PUMP, AND PIPE REPLACEMENT WORK AT CAL 1-18(6), PING YUEN NORTH, IN AN AMOUNT NOT TO EXCEED $246,600.00

Barbara Smith, Administrator of Housing and Modernization presented the resolution. Ms. Smith reported that the twelve-story Ping Yuen was constructed in 1961 and contained 194 family, senior and disabled dwelling units. The heating and domestic hot water boiler and storage tanks and associated piping and equipment system at Ping Yuen was the original installed and had exceeded its serviceable life and deteriorated beyond reasonable repair. Frequent repair is required of the Maintenance Department and this is causing a great expense to the SFHA operating budget.

Ms. Smith stated that the work under the contract would include surveying the site and verifying the existing conditions; demolition and replacement of the existing heating and domestic hot water boilers, pumps, accessories, controllers, pumps and pipes; furnishing and installing new equipment and accessories; and providing heating and domestic hot water to all units during construction.

The contract was procured on July 26, 2004, following the review and approval of the Finance and Procurement Departments. The procurement process met the standards of HUD 24 CFR 85.36 procurement. It also met the requirements of HUD Handbook 7460.8 and the SFHA policies and procedures as well as local and state procurement laws. The Housing Development and Modernization Department developed the invitation for bid documents and specifications based on the master procurement documents furnished by the Procurement Department. The drawings and technical specifications were provided by the Authority's mechanical engineering consultant, Mechanical Solutions. The documents were all reviewed by the Procurement Department prior to the advertisement for the invitation for bids. The outreach followed all of the Authority's guidelines at the time. The new requests of the Commission are incorporated into all future solicitations. Ms. Smith listed all of the entities that were outreached to. Particular outreach was made to the Plumber's Union, Local 35 because this was primarily a plumbing contract. Four potential bidders requested the invitation for bid documents, plans and specifications. An on-site bid walk was held on August 10, 2004. In attendance were the four contractors, the consultant, and SFHA staff. Following the bid walk, staff contacted the Plumber's Union local business agent to attract as many bidders as possible. On the closing date of August 26, 2004, the SFHA received bids from four responsive and responsible contractors. The bids were publicly opened and read aloud. The low bidder was Ayoob & Perry. Their bid was 29% lower than the cost estimate and budgeted amount and 5% lower than the next lowest bidder. Upon request, Ayoob & Perry was asked to review their bid and they informed staff that they stood by their bid.

Ms. Smith stated that past reference checks found the contractor to be responsible with a good record. The contractor performed similar work for other public agencies as well. Ayoob & Perry had a good history of minimizing contractor initiated change orders. The debarment check determined that the contractor is not barred from federal and non-federal procurement work. The contractor would provide a two-year guarantee of materials and workmanship. This was inline with the standards of the Agency and above the market's one-year standard guarantee.

The funds were budgeted through the 2003 Capital Fund Program. Ayoob & Perry committed to exceeding the 25% resident hiring goal. They estimated it would take about 800 hours to complete the project and a minimum of 200 hours would be allocated to a resident employee. The contractor planned to hire one resident in an administrative position. The contract would span 150 calendar days although only 90 days would be of actual construction work. A maximum of four workers would be on-site at any one time. Ayoob & Perry was not a MBE/WBE enterprise, but had subcontracted for 11.6% of the contract. This was below the Authority's goal of 20% reviewed their outreach process and determined that the requisite good faith effort was made to comply with the Authority's goals.

Commissioner Palega inquired about the administrative position. Ms. Smith explained that the resident would actually work in the contractor's office and would perform liaison work with the property management staff to coordinate the on-site construction work. Commissioner Palega asked what was the anticipated the retention rate for the resident hire. Ms. Smith explained that this was the first job the contractor had performed for the SFHA, but they committed to retaining the resident if they had sufficient work. Commissioner Palega asked how many people work for Ayoob & Perry. Ms. Smith was unsure and invited John Manganti, of Ayoob & Perry to come forward and address the Commission. Mr. Manganti answered that their company had approximately 70 union employees working in the plumbing and fire sprinkler trades. Approximately 18 people work in the office and they are always looking for competent help in their office.

President Brown asked where they were located. Mr. Manganti answered that they were located at 975 Indiana Street at the corner of 22nd Street in San Francisco.

Commissioner Woodruff asked about Ayoob & Perry's commitment to exceeding the 25% hiring requirement, yet only one resident would be in the office. Mr. Manganti stated that after the Commission ratifies the contract, he would like to hire as soon as possible, prior to beginning the work of the contract. The hours would start immediately and extend at least to the end of the contract. Mr. Manganti stated that he was already in touch with Ms. Armstrong in charge of resident employment.

President Brown asked the contractor about completing the work in a shorter amount of time than the days of the contract. Mr. Manganti answered yes. Ms. Smith added that the actual construction would take 90 days, but the contractor had to survey and verify the existing conditions, then arrange for all the materials and the start of the work.

Commissioner Palega asked if the person working in the office would be working there a longer period of time than the contract. Mr. Manganti answered yes.

Commissioner Woodruff moved to approve Resolution No. 5193. Commissioner Palega seconded the motion. The motion to approve Resolution No. 5193 was unanimously approved.

Resolution No. 5194

(B) RESOLUTION APPROVING THE CERTIFICATION FOR THE PUBLIC HOUSING ASSESSMENT SYSTEM (PHAS) INDICATOR #3, MANAGEMENT OPERATIONS, FOR FISCAL YEAR 2004

Naja Boyd, Deputy Executive Director presented the resolution. Ms. Boyd explained that the resolution before the Commissioner was the Agency's annual report card to HUD for its management operations program. The certification is recognized as the PHAS Indicator for Management Operations and is comprised of six components. The assessment reviews the SFHA unit turnaround, expenditure of capital fund money, emergency and non-emergency work order performance, annual inspection of units, and security as it pertains to tracking crime, screening applicants, lease enforcement. Each component had a maximum scoring point of 30. This year the Agency is submitting a certification of 24.5.

Commissioner Palega asked about turnaround efforts. Ms. Boyd replied that this was an area that the SFHA was in the process of making significant improvements. For the last three years, the SFHA had maintained the same score, but the number of days had declined. Next year the SFHA hopes to receive a better score for its effort because the Agency is aggressively trying to lease all the units. Commissioner Palega asked what the non-emergency work orders entail. Ms. Boyd answered that the number is comprised of the work orders completed and the number of open work orders. The SFHA's attention has been on leasing-up the vacant units using existing staff and not hiring additional people. Thus, the non-emergency work orders suffered and there was a backlog. Commissioner Palega asked if this was the indicator the SFHA was to submit to HUD and if HUD had responded yet. Ms. Boyd explained that this was the SFHA's self-assessment and HUD would come out to verify and have the SFHA substantiate its submission. Last year the SFHA lost a few points, but this year, that shouldn't happen.

Commissioner Woodruff asked if the SFHA had done better this year than last year. Ms. Boyd replied that overall the scorecard was the same although the number in unit turnaround had declined. Mr. Fortner answered that the PHAS score was one of four components. There was also a financial component, which the SFHA has trouble in because of its financial standing. As part of the physical component, the Real Estate Assessment Center of HUD would come out in February inspect SFHA properties. Finally, the resident satisfaction survey is conducted after all follow up processes. Ms. Boyd stated that the PHAS score must be submitted by November 30, 2004. Mr. Fortner added that the SFHA scored a C in non-emergency work orders and an A in emergency work orders. The reality is that HUD has provided less money for the SFHA to operate so the work orders are prioritized. To score a B the SFHA would have to turnaround non-emergency work orders within 30 days. In this scorecard, HUD does not account for the money they provide or extenuating circumstances. The SFHA is committed to an accurate certification.

Commissioner Palega moved to approve Resolution No. 5194. Commissioner Gans seconded the motion. The motion to approve Resolution No. 5194 was unanimously passed.

Resolution No. 5195

(C) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR AND THE PRESIDENT OF THE BOARD OF COMMISSIONERS TO SIGN THE SECTION 8 MANAGEMENT ASSESSMENT PROGRAM (SEMAP) CERTIFICATION

Tony Ucceferri, Acting Administrator of the Section 8 Department presented the resolution and stated that this was the Agency's report card for the Section 8 program. There were 14 indicators plus an additional indicator for concentration. Section 8 scored 113 out of a possible 135 points equating to a rate of 84%, a standard performer. The score must be submitted by November 30, 2004, and Mr. Ucceferri urged the support of the Commission.

President Brown asked what the Annual Reexamination entails and if it meant that the SFHA goes back to the families once every 12 months. Mr. Ucceferri answered yes. Last year, the SFHA declared 10 points for that category, but HUD found that it took the Agency longer and relinquished the points. This year the SFHA scored itself a 0 because it is still in the same situation. Mr. Fortner stated that this category's score is affected because of the lease-up effort of a year and a half ago when 2,500 people were housed. This was more work than the existing staff could absorb, so the SFHA has made plans to solve this issue within the next six months.

Commissioner Palega asked if 84% was about a B+. Mr. Ucceferri answered roughly. Mr. Fortner commented that HUD measures by the standards of a standard performer, 60-89, high performer, 90 and above and a low performer is 59 and below.

President Brown asked that next year a comparison be made between this year's score and next year. Mr. Fortner stated that in 2003, the SFHA had a score of 81. Mr. Ucceferri stated that prior to 2003, the SFHA's score was even lower because no points were earned for lease-up, but proudly for two years in a row the SFHA had received points in that category and that is a step in the right direction.

Commissioner Palega moved to approve Resolution No. 5195. Commissioner Smith seconded the motion. The motion to approve Resolution No. 5195 was unanimously passed.

12. PUBLIC COMMENTS ON ITEMS NOT ON AGENDA

There were no public comments on items not on the agenda.

13. COMMISSIONER COMMENTS AND REPORTS

Vice President Smith reported that there had been some disasters in a senior and disabled building that prevented the use of their community room to hold various activities. In light of these events, Rosa Parks decided to share its community room, kitchen and whatever else was necessary. Vice President Smith stated that it is working out very well and they now have a hot lunch program, bingo twice a week, once a month birthday parties, a joint effort to obtain a Christmas tree, and many other activities. Vice President Smith stated that she thought this was good and hoped to see it continue throughout 2005. Vice President Smith commended Belinda Jeffries for all of her efforts and a job well done.

Commissioner Woodruff offered his personal thanks to Mr. Fortner and the Commission for their letter supporting his return to the Commission. Commissioner Woodruff said that it did not have to be done, but he was very appreciative of their support and glad to be back on the Commission.

14. ADJOURNMENT

There being no further business to come before the Commissioner Palega moved to adjourn the meeting. President Brown adjourned the regularly scheduled meeting of November 18, 2004 at 5:30 p.m.

Gregg Fortner, Secretary/Executive Director

George R Brown

George R. Brown, President

SAN FRANCISCO HOUSING AUTHORITY
440 Turk Street • San Francisco CA • 94102 • (415) 554-1200

Agenda

NOTICE

CANCELLATION OF NOVEMBER 25, 2004 COMMISSION MEETING

THE REGULAR MEETING OF THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO, SCHEDULED FOR NOVEMBER 25, 2004, HAS BEEN CANCELLED.

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GREGG FORTNER, SECRETARY/ EXECUTIVE DIRECTOR

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SAN FRANCISCO HOUSING AUTHORITY
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NOTICE

THE REGULARLY SCHEDULED MEETING OF THE
SAN FRANCISCO HOUSING AUTHORITY COMMISSION
WILL BE HELD ON THURSDAY, DECEMBER 9, 2004 AT 4:00 P.M.
AT 440 TURK STREET, SAN FRANCISCO, CALIFORNIA, 94102

AGENDA
December 9, 2004

1. ROLL CALL

    George R. Brown, President
    Betty J. Smith, Vice President
    Sululagi Palega, Sr., Commissioner
    Julie Lee, Commissioner
    Neola Gans, Commissioner
    Rev. Amos Brown, Commissioner
    Rev. George Woodruff, Commissioner

2. APPROVAL OF AGENDA

3. APPROVAL OF MINUTES

    - November 18, 2004 Commission Meeting

4. GENERAL COMMUNICATIONS

5. REPORT OF SECRETARY

6. COMMITTEE REPORTS

    Diversity Committee – Nothing to Report
    Finance Committee – Nothing to Report
    Personnel Committee – Nothing to Report

7. REPORT OF AGENCY COUNSEL

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8. TENANT REPRESENTATIVE REPORT:
City Wide Council - Senior/Disabled
Public Housing Tenants Association (PHTA)

9. PUBLIC COMMENTS ON AGENDA ITEMS: LIMITED TO 2 MINUTES

NOTE: *The public will have the opportunity to comment on agenda items prior to any action taken by the Commission pursuant to the San Francisco Housing Authority Rules Governing Public Testimony adopted 2/23/95 as Resolution No. 4423. Prior to adjournment, after Item No. 11, the public will have the opportunity to comment on items not on the agenda.*

10. UNFINISHED BUSINESS - NONE

11. NEW BUSINESS

(A) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH BEST ROOFING AND WATERPROOFING, INC. FOR THE WINDOW AND EXTERIOR DOOR REPAIRS AT CAL 1-19(2), 1750 MCALLISTER STREET, IN AN AMOUNT NOT TO EXCEED $417,496.00

(B) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO PROVIDE HUD WITH A DE MINIMIS EXCEPTION FOR DEMOLITION SUBMISSION AND TO DEMOLISH A BUILDING WITH TWO SEVERELY DAMAGED UNITS AT 2 AND 4 WEST POINT, HUNTERS VIEW CAL 1-18(3)

12. PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA

13. COMMISSIONER'S COMMENT AND REPORT

14. CLOSED SESSION

A Closed session is scheduled with the Executive Director and Agency Counsel under Government Code Section §54956.9 (b)(1) to discuss potential litigation.

15. RECONVENING OF COMMISSION MEETING

16. ADJOURNMENT

GREGG FORTNER, Secretary/Executive Director

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SAN FRANCISCO HOUSING AUTHORITY
440 Turk Street • San Francisco CA • 94112 • (415) 554-1200

DATE: December 9, 2004

TO: SAN FRANCISCO HOUSING AUTHORITY COMMISSIONERS

George R. Brown, President
Betty J. Smith, Vice President
Sululagi Palega, Sr., Commissioner
Julie Lee, Commissioner
Neola Gans, Commissioner
Rev. Amos Brown, Commissioner
Rev. George Woodruff, Commissioner

FROM: Gregg Fortner, Secretary/Executive Director

SUBJECT: **RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH BEST ROOFING AND WATERPROOFING, INC. FOR THE WINDOW AND EXTERIOR DOOR REPAIRS AT CAL 1-19(2), 1750 MCALLISTER STREET, IN AN AMOUNT NOT TO EXCEED $417,496**

OVERVIEW

This Resolution authorizes the Executive Director to enter into a contract with Best Roofing and Waterproofing, Inc. for the Window and Exterior Door Repairs at 1750 McAllister Street, CAL 1-19(2). The building was built in 1974. It is twelve stories tall, and contains 97 apartments for senior and disabled public housing residents.

The large window and balcony doors component are reaching the end of their useful life. Extensive replacement and repairs are required to assure that our senior and disabled residents have an environment sealed from the elements with operable doors and windows. Following an initial inspection, the Authority assigned one of its consultant architects, Lin + Meinhardt, to survey and assess the existing conditions at each unit, design a repair/replacement program, and prepare construction documents for competitive public bidding.

OBJECTIVE

The objective of this Resolution is to authorize the Executive Director to enter into a contract for the replacement and repairs of certain windows and exterior doors required to make the building water resistant.

Work under this contract will generally include, but not be limited to, the following:

Of the 119 existing sliding glass doors,
- Completely replace 34 doors and frames.
- Install new balcony waterproofing at 34 balconies where doors are replaced.
- Replace interior finishes disturbed by the door removal.
- Replace weather-stripping at all 85 existing doors to remain.
- Replace sliding glass door latch/locks at 10 of the 85 existing doors to remain.
- Replace sliding glass door rollers at 40 of the 85 existing doors to remain.

Of the 13 existing exterior stair vestibule hollow metal doors,
- Replace 2 doors and frames.
- Replace weather-stripping and thresholds at all 11 existing doors to remain.
- Install stainless steel weather protection panels at each of the 13 exterior exit stair vestibules.

Of the 2 existing roof access hollow metal doors,
- Replace weather-stripping and thresholds at both existing doors to remain.

Of the 2 existing front and rear Lobby doors and windows,
- Replace weather-stripping and thresholds at both existing doors to remain.
- Wet-seal all glazing at the glazing/frame joint.
- Seal all perimeter joints between the glazed curtain wall assembly and the building openings along the head, sills, and jambs.

Of the 12 floors of public corridor glazed curtain wall,
- Replace the entire glazed curtain wall on all 12 floors.
- Repair all exterior concrete spalls at openings in building for glazed curtain wall.
- Install new interior guardrail at glazed curtain wall on all 12 floors.
- Replace interior finishes disturbed by the glazed curtain wall removal.

- Replace all broken glass.

PROCUREMENT

The Authority issued Solicitation No. 04-620-IFB-031 on August 3, 2004, following review and approval of the solicitation by the Finance and Procurement Departments. The procurement process for the action covered by this Resolution meets the procurement standards of 24 CFR 85.36 "Procurement", HUD Handbook 7460.8 REV 1, "Procurement Handbook for Public Housing Agencies and Indian Housing Authorities", the San Francisco Housing Authority Procurement Policy Manual, and the State of California, and local laws.

The Housing Development and Modernization Department developed the Invitation for Bid Documents based on master procurement documents furnished by the Authority's Procurement & Contracts Department. The Construction Documents (Drawings and technical Specifications) were furnished by the Authority's Consultant Architects, Lin + Meinhardt. The documents were reviewed and approved by the Procurement & Contracts Department prior to the start of the bid process.

The Authority advertised for bidders and conducted outreach to potential bidders as follows:

Past Bidders List, Contractors Blue Book & Yellow Pages: The Authority e-mailed, faxed or mailed its Invitation for Bid advertisement to 81 individual contractors from the Authority's Past Bidders List, the Contractors Blue Book, and Telephone Directory Yellow Pages.

HRC: The Authority e-mailed, faxed or mailed its Invitation for Bid advertisement to 72 MBE/WBE glazing contractors and general contractors listed by the San Francisco Human Rights Commission.

Labor Unions: The Authority mailed its Invitation for Bid and Construction Documents to the San Francisco Building Trade Council, the United Brotherhood of Carpenters, Local #22, and the Plasterers' & Cement Masons' Union Local #300.

Newspapers: The Authority publicly advertised its Invitation for Bid in the following newspapers:

- Daily Pacific Builder (trade publication)
- San Francisco Bay View (African American community)
- Sing Tao Daily (Asian American community)
- World Journal (Asian American community)

Additional Newspapers: The Authority e-mailed its Invitation for Bid advertisement to the San Francisco Board of Supervisors' office, who placed the advertisement in the following community newspapers:

- El Latino (Hispanic American community)
- El Reportero (Hispanic American community)
- Asian Week (Chinese American community)
- Chinese Times (Chinese American community)
- San Francisco Bay Times (Lesbian/Gay/Bi-sexual/Transgender community)
- San Francisco Spectrum (Lesbian/Gay/Bi-sexual/Transgender community)

Public Agency Websites: The Authority e-mailed its Invitation for Bid advertisement to the following agencies, who placed the advertisement in their website bulletin boards:

- City and County of San Francisco (City Purchasing Department)
- California State Contracts Register (Office of Small Business Certification and Resources)
- Small Business Administration's PRO-Net (Office of Government Contracting & Minority Enterprise Development)
- U.S. Department of Commerce's BIDNET (Minority Business Development Agency)

Builders Exchanges: The Authority sent its Invitation for Bid Documents, Plans & Specifications to the following Builders Exchanges, where the documents were available to Contractors for review and bid preparation:

- San Francisco Builders Exchange
- Peninsula Builders Exchange
- Builders Exchange of Alameda County
- Santa Clara Builders Exchange
- Contra Costa Builders Exchange
- BV2HP Builders Exchange
- MECA Builders Exchange (member base composed of small DBE, M/WBE firms)
- Marin Builders Exchange
- Construction Data Plan Room
- San Francisco Building and Construction Trade Council

Five potential bidders requested the Bid Documents. An on-site bid walk held August 12, 2004, allowed potential bidders to become familiar with the nature of the proposed work. Six contractors attended, along with the Consultant Architect, and Authority staff from the Housing Development and Modernization and Procurement Departments.

BIDDER SELECTION PROCESS

Sealed bids were due before 2:00 PM, Thursday, August 26, 2004. The Authority received two bids. The bids were publicly opened and read aloud. The bid submittal documents were reviewed by Housing Development and Modernization staff and forwarded to the Procurement & Contracts Department for review and approval to prepare this Resolution.

The contractors that attended the bid walk were contacted to learn why they chose not to bid. One contractor could not obtain a bond, one could not perform the required glazed curtain wall work, and one was concerned with its ability to work efficiently in occupied units where the repairs are required. The bids are as follows:

Bidder	Bid	25% Resident Hiring	Contractor MBE/ WBE	Sub Contractors	MBE/WBE Sub Contractor % of Total Job	Total MBE/ WBE
Best Roofing and Waterproofing, Inc.	$417,496	Yes	No	Two	20.6%%	20.6%
Services Alliance Systems	$489,000	Yes	No	Two	0.0%	0.0%

During the review of the bids, a mathematical error was discovered on the bid submitted by Best Roofing and Waterproofing, Inc. The sum of $11,200 was used for the glazed curtain wall replacement instead of $112,000, a decimal error. This resulted in an initial bid of $304,600, which would have been only 73% of the independent cost estimate and an obvious mistake substantiated by the bid worksheets. The Procurement & Contracts Department reviewed the documentation and established the correction of the bid raising it to $417,496, in conformance with the Authority's Procurement Procedures Manual.

In accordance with HUD-5369 (10/2002), Instructions to Bidders for Contracts, the contract award is based on the lowest, responsive, and responsible bidder. Based on the above, the lowest, responsive, and responsible bidder is Best Roofing and Waterproofing, Inc. (Best). At $417,496, Best's bid is within 0.6% of the independent cost estimate of $415,000 and 15% below the next lowest bidder.

According to the reference check on past projects performed by Best Roofing and Waterproofing, Inc., the firm is a responsible contractor with a good record. They have performed similar contracts for other public agencies and have a good history of minimizing contractor initiated change orders. Best performed well for the completed Authority project for the waterproofing of 320/330 Clementina. Best completed the project on schedule despite adverse weather conditions during part of the work. A debarment check confirms that Best Roofing and Waterproofing, Inc. is not debarred from Federal Procurement and Non-Procurement work.

ANTICIPATED OUTCOMES

The replacement and repair of all the proposed windows and doors will address resident concerns about operating their sliding patio doors easily (an ADA requirement) and safely. The work covered in this contract will stop water and air infiltration into the building. Best will provide a five-year guarantee for the new sliding doors and two-year warranty for all other materials and workmanship in compliance with Authority standards.

WHO BENEFITS

Public housing residents will benefit from improved living conditions with improved ventilation and freedom from air and water infiltration. Residents will be able to operate the doors with ease. The absence of maintenance calls will result in substantial operating savings to the Authority. The capital improvements will also benefit the Authority's real property assets and add to the longevity of the structures. The construction will also provide employment for public housing residents. By hiring residents, Best is helping to create a pool of qualified residents for future work on similar Authority construction projects.

BUDGET CONSIDERATION

The Window and Exterior Door Repairs for CAL 1-19(2), 1750 McAllister, are funded by the FY2003 Capital Fund Program.

RESIDENT HIRING

Best Roofing and Waterproofing, Inc. is committed to achieving the 25 percent resident hiring goal on this job as it has on prior contracts with the Authority. Best will hire one or two residents as apprentice roofers or glaziers. In addition, a resident will be hired part-time to coordinate required access to the residents' units.

After the Authority's waterproofing contract at Clementina was completed in January 2004, Best has continued to employ a resident hired for that contract.

MBE/WBE PARTICIPATION

Best has achieved 20.6% MBE/WBE participation with its listed subcontractors and suppliers for this contract.

RECOMMENDATION

Staff recommends adoption of this Resolution.

(Prepared by: Edda Picini, Robert Dahlstrom and Barbara Smith)

RESOLUTION NO. 5196
ADOPTED 12/09/04

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH BEST ROOFING AND WATERPROOFING, INC. FOR THE WINDOW AND EXTERIOR DOOR REPAIRS AT CAL 1-19(2), 1750 MCALLISTER STREET, IN AN AMOUNT NOT TO EXCEED $417,496

WHEREAS, The San Francisco Housing Authority publicly advertised Solicitation No. 04-620-IFB-031 for Window and Exterior Door Repairs at CAL 1-19(2), 1750 McAllister Street; and

WHEREAS, Best Roofing and Waterproofing, Inc. submitted the lowest responsive and responsible bid of $417,496 to provide for Window and Exterior Door Repairs Work at CAL 1-19(2), 1750 McAllister Street; and

WHEREAS, these services are necessary to protect the health and welfare of residents; and

WHEREAS, funding is available through the HUD FY2003 Capital Fund Program; and

WHEREAS, the procurement process for those actions covered by this Resolution meet the procurement standards of 24 CFR 85.36 “Procurement”, HUD Handbook 7460.8 REV 1, “Procurement Handbook for Public Housing Agencies and Indian Housing Authorities”, the San Francisco Housing Authority Procurement Policy Manual and State of California and local laws; and

WHEREAS, all additional relevant documents submitted by the low bidder have been reviewed and found to be in order; and

WHEREAS, Best Roofing and Waterproofing, Inc. will meet the Authority’s Resident Hiring requirements.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSION OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO THAT:

1. The Executive Director is authorized to enter into a contract with Best Roofing and Waterproofing, Inc. for Window and Exterior Door Repairs at CAL 1-19(2), 1750 McAllister Street, in an amount not to exceed $417,496.

2. This Resolution shall take effect immediately.

APPROVED AS TO FORM AND LEGALITY:

Donna Mart
DONNA MARTIN, General Counsel

Date: 12-03-04

REVIEWED BY:

GREGG FORTNER, Executive Director

Date: 12/3/04

SAN FRANCISCO HOUSING AUTHORITY
440 TURK STREET • SAN FRANCISCO • CALIFORNIA • 94102 • (415) 554-1200

CERTIFICATE

I, George R. Brown, duly elected President of the Board of Commissioners of the Housing Authority of the City and County of San Francisco, do hereby certify that the following was adopted at the Regular Meeting of the Commission held on December 9, 2004:

RESOLUTION NO. 5196

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH BEST ROOFING AND WATERPROOFING, INC. FOR THE WINDOW AND EXTERIOR DOOR REPAIRS AT CAL 1-19(2), 1750 MCALLISTER STREET, IN AN AMOUNT NOT TO EXCEED $417,496.00

Attached is a true and correct copy of the Resolution as adopted at the said meeting, on file and on record as adopted by the following vote of the Members:

FOR ADOPTION:
George R. Brown
Betty J. Smith
Neola Gans
Julie Lee
George Woodruff

AGAINST ADOPTION:

ABSENT (EXCUSED):
Sululagi Palega, Sr.
Amos Brown

IN TESTIMONY, WHEREOF, I have hereto set my hand and seal of said Authority this date: January 27, 2005.

George R Brown
George R. Brown, President
SFHA Commission

B

SAN FRANCISCO HOUSING AUTHORITY

440 TURK STREET, SAN FRANCISCO, CA 94102

TO: SAN FRANCISCO HOUSING AUTHORITY COMMISSIONERS

George R. Brown, President
Betty J. Smith, Vice President
Sululagi Palega, Sr., Commissioner
Julie Lee, Commissioner
Neola Gans, Commissioner
Rev. Amos Brown, Commissioner
Rev. George Woodruff, Commissioner

FROM: Gregg Fortner, Executive Director

DATE: December 3, 2004

SUBJECT: RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO PROVIDE HUD WITH A DE MINIMIS EXECEPTION FOR DEMOLITION SUBMISSION AND TO DEMOLISH A BUILDING WITH TWO SEVERLY DAMAGED UNITS AT 2 AND 4 WEST POINT, HUNTERS VIEW CAL 1-18(3)

OBJECTIVE

The objective of this Resolution is to authorize the Executive Director to provide the U.S. Department of Housing and Urban Development (HUD) with a De Minimis Exception Submission and to demolish a building at Hunters View with two severely damaged units that are beyond repair.

OVERVIEW

The San Francisco Housing Authority (SFHA) is planning to demolish an unsafe structure with two units at Hunters View, CAL 1-18(3). Several years ago, 2 and 4 West Point were severely fire damaged. Prior to that incident, sewage backed up into the units causing extensive damage and unsanitary conditions. The sunken deteriorated sewer lines are in need of complete replacement and, in addition, the exterior paint on the building is contaminated with lead.

This resolution will authorize the Executive Director to forward a De Minimis Exception for Demolition Submission for the two units at Hunters View to HUD, in compliance with Section 18 of the Housing Act of 1937 as amended by Section 531 of the Quality Housing and Work Responsibility Act of 1998 and 24 CFR Part 970, and then demolish the building that contains 2 and 4 West Point.

Under the HUD De Minimis Exception for Demolition provisions, a PHA may demolish units without submitting a full demolition application when it is proposing to demolish not more than 5 dwelling units if the demolished portion of the development is beyond repair. Once Sections 1-3, Table 1, Section 4, and Section 5 of HUD Form 52860 are completed and submitted to HUD, the demolition information is entered into HUD's data system to track the date of the actual demolition for purposes of operating subsidy and formula characteristics for the Capital Fund (CFP) Program. HUD does not use this information to determine whether a PHA can demolish the units since HUD approval is not required. Once the demolition is completed, the PHA must report the actual date of demolition to the local HUD office or HUB.

ANTICIPATED OUTCOMES

The Authority will demolish these two units that pose a health and safety threat to the residents of Hunters View, and allow the Authority to maintain its mission of providing safe and sanitary housing for its residents.

WHO BENEFITS

Public housing residents of Hunters View will benefit from improved living conditions due to the demolition of these two units. The demolition of these two units will relieve the site of two units that pose a health and safety risk to the residents of Hunters View.

EMPLOYMENT

A contractor will be procured to demolish the building. Following procurement policies, the contractor will be required to hire residents for 25 percent of the workforce hours.

BUDGET

It is more cost effective for the SFHA to spend the estimated $20,000 to demolish the building than carry out all of the repairs that would be required to bring the two units back on line. The estimated cost for building repair, lead-based paint abatement, sewer replacement and roof replacement is $394,931 or $197,466 per unit. The SFHA received a total of $179,100 in insurance proceeds as compensation for the fire damage to both units. Since these funds are not required to be used for repair of the units, a portion of these funds are proposed to be used to cover the cost of demolition.

RECOMMENDATION

Staff recommends approval of this resolution.

(Material prepared by Barbara T. Smith, Juan S. Monsanto and Ingerbore Rivera, Housing Development Department)

RESOLUTION NO. 5197
DATE ADOPTED 12/09/04

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO PROVIDE HUD WITH A DE MINIMIS EXCEPTION FOR DEMOLITION SUBMISSION AND TO DEMOLISH A BUILDING WITH TWO SEVERELY DAMAGED UNITS AT 2 AND 4 WEST POINT, HUNTERS VIEW CAL 1-18(3)

WHEREAS, the San Francisco Housing Authority ("SFHA") is preparing to demolish a building with two units, 2 and 4 West Point Road, at its Hunters View site, CAL-18(3); and

WHEREAS, the building with two units was severely damaged by a fire and sewage backups, the sewer lines are deteriorated and in need of replacement, and the building exterior is contaminated with lead based paint, all posing health risks to the residents of the Hunters View and the surrounding community; and

WHEREAS, the cost of rehabilitation exceeds HUD's Total Development Cost (TDC) for new construction; and

WHEREAS, the proposed demolition is in compliance with provisions of Section 18 of the Housing Act of 1937 as amended by Section 531 of the Quality Housing and Work Responsibility Act of 1998 for Demolition of any of its properties; and

WHEREAS, the Executive Director will be provided with a De Minimis Exception Submission in compliance with 24CFR Part 970 prior to demolition of the building.

NOW THEREFORE, BE IT RESOLVED BY THE COMMISSION OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO, THAT:

1. The Executive Director is authorized to provide HUD with a De Minimis Exception Submission and demolish the Hunters View building that contains 2 and 4 West Point.

2. This Resolution shall take effect immediately.

APPROVED AS TO FORM AND LEGALITY:	REVIEWED BY:
Donna Mart	
Donna Martin, General Counsel	Gregg Fortner, Executive Director
12-03-04	12/7/04
Date	Date

SAN FRANCISCO HOUSING AUTHORITY
440 TURK STREET • SAN FRANCISCO • CALIFORNIA • 94102 • (415) 554-1200

CERTIFICATE

I, George R. Brown, duly elected President of the Board of Commissioners of the Housing Authority of the City and County of San Francisco, do hereby certify that the following was adopted at the Regular Meeting of the Commission held on December 9, 2004:

RESOLUTION NO. 5197

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO PROVIDE HUD WITH A DE MINIMIS EXCEPTION FOR DEMOLITION SUBMISSION AND TO DEMOLISH A BUILDING WITH TWO SEVERELY DAMAGED UNITS AT 2 AND 4 WEST POINT, HUNTERS VIEW CAL 1-18(3)

Attached is a true and correct copy of the Resolution as adopted at the said meeting, on file and on record as adopted by the following vote of the Members:

FOR ADOPTION:	**AGAINST ADOPTION:**
George R. Brown	
Betty J. Smith	
Neola Gans	
Julie Lee	
George Woodruff	

ABSENT (EXCUSED):
Sululagi Palega, Sr.
Amos Brown

IN TESTIMONY, WHEREOF, I have hereto set my hand and seal of said Authority this date: January 27, 2005.

George R Brown

George R. Brown, President
SFHA Commission

SAN FRANCISCO HOUSING AUTHORITY
440 Turk Street • San Francisco CA • 94102 • (415) 554-1200

NOTICE

CANCELLATION OF DECEMBER 23, 2004 COMMISSION MEETING

THE REGULAR MEETING OF THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO, SCHEDULED FOR DECEMBER 23, 2004, HAS BEEN CANCELLED.

GREGG FORTNER, SECRETARY/ EXECUTIVE DIRECTOR

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SAN FRANCISCO HOUSING AUTHORITY
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Agenda

NOTICE

CANCELLATION OF DECEMBER 23, 2004 COMMISSION MEETING

THE REGULAR MEETING OF THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO, SCHEDULED FOR DECEMBER 23, 2004, HAS BEEN CANCELLED.

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GREGG FORTNER, SECRETARY/ EXECUTIVE DIRECTOR

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